

**Legislative Decree No. 29  
of the year 2011**

**The Company Law**

The Head of the State,

Pursuant to the provisions of Constitution,

The following is decreed:

**The Company Law**

**TITLE ONE**

**General Provisions**

**Article /1/**

**Definitions**

Definitions: While applying the provisions of this Decree, the following words and expressions shall have the meanings assigned to them hereunder:

The Ministry: Ministry of Economy and Commerce.

The Minister: Minister of Economy and Commerce.

Securities Commission: Securities and Exchange Commission of Syria.

The Specialized Court: Court of First Instance within whose jurisdiction the Headquarter of the company is situate.

The Directorate: The Companies Directorate at the Ministry.

The Public Authorities: One of the ministries, public administrations, bodies, public institutions, public establishments, public companies, or administrative units.

Register: The Companies Register that was established at the Commercial Registration Department in the Directorate of Economy and Commerce in the Governorate

Registrar: Companies Registrar

## **Article /2/**

### **The Scope of Application:**

/1/ The provisions of this Law shall apply to such companies established in the Syrian Arab Republic, consistent with the provisions of the companies established with a special law.

/2/ The rules stipulated in the Civil Law regarding Company's Contract are applied on the companies stipulated in this legislative decree on condition that these rules do not violate the provisions of this legislative decree, whether implicitly or explicitly.

/3/ Unless otherwise mentioned in this legislative decree, the provisions of the Commerce Law are applied.

## **Article /3/**

### **Company Registration**

/1/ The Company shall not acquire a legal personality towards any third-party except after its registration.

/2/ All companies shall be registered by registering their contracts, articles of association and the data mentioned in Article / 8 / of this Legislative Decree in the register of companies held by the companies register secretariat in the governorate where the company's headquarters is located, within the thirty days following its establishment date.

/3/ Companies, directors of the company, or its board members, as the case may be, shall register any amendment to the company's contract, or its article of association or to the data mentioned in Article / 8 / of this Legislative Decree in the trade register within thirty days from the date of the amendment. The amendment shall be effective against third-party starting only from the date of its registration.

/4/ The Free Zones Companies and the amendments thereto shall be registered by the Companies Register Secretariat of the Free Zone in which their headquarter is located.

/5/ Particular Partnership Company is excluded from the registration for not having a legal personality.

/6/ The Registrar shall be solely responsible for sending a copy of the Company's contract and, a copy of its registration certificate and all the amendments registered to the relevant authorities.

#### **Article / 4 / Company Annulment**

1/ Disputant Partners shall have the right to uphold the invalidity of the company due to lack of company registration, but they may not invoke this invalidity when suing third-parties who are entitled to do so.

2 / In the case of company annulment, the third party who has contracted with the company has the option to uphold the existence of the company and demand the company to execute the obligations bound by the contracts, or to uphold the company annulment, and consider the individuals who contracted with him on behalf of the company jointly responsible for the contracts' binding obligations made with their party.

3/ If annulment was ruled by a final decision at the request of one of the partners, the annulment shall not take effect between the partners except from the date of the annulment claim in the court records.

#### **Article /5/ Legal form of companies**

The Companies in Syria shall take one of the following forms:

- 1 / Partnership Company.
- 2 / Limited Partnership.
- 3 / Particular Partnership Company.
- 4 / Limited Liability Company.
- 5 / Joint Stock Company.

#### **Article /6/: Types of companies**

1/ Commercial companies .. The company is considered commercial if the purpose of said company is doing business or if it takes the form of a joint stock company or a limited liability company.

2 / Joint venture companies are companies in which the State or a public body contributes a certain percentage of its capital. The said companies shall be subject to the provisions and rules stipulated in their respective law.

3/ Public Joint Stock Companies shall be joint stock companies to which the provisions pertaining to joint stock companies shall apply. The State shall be represented by the public treasury or one or more of the public bodies wholly owned by the state. The companies' shares, or any part of these shares, may not be offered for trading except with the approval of the Council of Ministers.

4/ Free Zones Companies ... These companies are based in one of the free zones in the Syrian Arab Republic and are registered in the register of companies in one of these free zones. The Free Zones Company takes the form of a partnership, limited partnership, limited liability company or private joint stock company.

5/ Holding companies ... are private or public joint stock companies, whose work is limited to owning shares in limited liability companies or in joint stock companies, or participating in the establishment of such companies and managing the companies in which holding company owns shares or stakes.

6/ Foreign companies whose purpose is limited to the making of contracts and operating business carried out outside the territory of the Syrian Arab Republic without having the right to exercise any activity inside Syria.

7/ Civil companies: Civil Companies are companies that are established between partners with specialized majors and intellectual professions or companies whose theme is civil. These companies are subject to the provisions of the Civil Law, the provisions of their own laws and contracts and statutes.

## **Article / 7 /**

### **Companies Register**

1/ The Commercial register Secretariat in each governorate shall have a companies' register.

2/ The Minister issues the instructions regulating the work of the Companies Register.

3/ The register of companies consists of four sub-records.

A/ Register of Commercial Companies.

B/ Register of Civil Companies.

C/ Register of joint companies.

D/ Register of foreign companies.

4/ Any petitioner may review the information contained in the Companies Register and obtain a true copy of the company registration certificate and the information and documents contained therein for a fee to be determined by the Minister. The Registrar may certify that there are no registers for a particular company.

5/ The information contained in the register of companies may be stored electronically and the information stored in this form shall be fully authentic.

6/ The company register secretariat shall issue the company registration certificate.

7/ Certificates issued by the Registrar of Companies shall be considered as an official document.

## **Article / 8 /**

### **Company registration certificate**

A/ The company registration certificate issued by the Registrar shall include the following information:

1 / Registration number.

2 / Company name.

3 / The legal form of the company.

4 / Type of Company.

5 / The purpose of the company.

6 / Duration of the company.

7 / The company's capital.

8 / Company's Center.

9 / The names of the directors or members of the board of directors and their Chairman and their term of mandate.

10 / The names of the individuals authorized to sign on behalf of the company and their powers and term of mandate.

11 / Restrictions on the administration or signature.

12 / The names of the joint partners in the partnership and limited partnership companies.

B/ Each of the partners and shareholders shall have a chosen domicile whether the company headquarters or any address they choose for all notifications related to the company.

### **Article 9**

#### **Crossing out the Registry**

The company's registry shall be crossed out in the following cases:

1 / If the company was dissolved and liquidated.

2 / If the company contravenes the provisions of this Legislative Decree and a final judicial ruling of invalidating or dissolving the company is issued.

3 / If the purposes and activities mentioned in the company's Memorandum of Association or article of association are not exercised within a two year-period from the date of its registration in the Commercial Register.

4 / Crossing out the Registry shall be made by a decision of the trade registrar.

### **Article 10**

#### **Nationality of the company**

1 / The nationality of the company shall be considered Syrian despite any contrary provision in its Articles of Association or Memorandum of Association if it is established in Syria and registered in the register of companies in the Syrian Arab Republic. The companies registered in the Free Zones in Syria shall not be subject to the provisions of this article.

2 / Companies established in Syria shall have the rights granted to Syrians, unless they are inherent to the natural person or when there is a special legislative stipulation specifying the rights that this company has.

3 / The Syrian company has the right to acquire the real estate rights in rem necessary to achieve the objectives of its project regardless of the nationality of its partners. However, these rights may not be transferred to the names of non-Syrian partners or shareholders in the company upon dissolution or liquidation of the company, except after obtaining the legal approvals required for non-Syrians to own such rights.

#### **Article / 11 /**

##### **The Company's name**

1/ The company name shall be in accordance with its legal provisions.

2 / The company may not be registered with a name that would contravene the public morals or public order. No company may be registered with the name of another previously registered company in Syria or a company of international fame or under a similar name to the extent that may lead to confusion, fraud, or ambiguity. The registrar shall refuse to register a company bearing such a name in any of these cases. Any stakeholder shall have the right to appeal to the specialized court if they have previously registered a company of the same name.

#### **Article / 12 /**

##### **Company Headquarter**

1 / Syrian companies should take a headquarter in Syria and these companies have the right to open branches inside and outside Syria.

2/ The company headquarter shall be a valid domicile for notifying all correspondence papers and related reports, whether or not found therein.

#### **Article / 13 /**

##### **Legal personality**

1/ All companies provided for in this Legislative Decree, except the Particular Partnership company, shall enjoy having legal personality once they have been registered.

2/ A company shall acquire legal personality during the period of its establishment to the extent necessary for that purpose. The founders of the company are committed to the actions they jointly perform on behalf of the company during the incorporation period. However, such personality shall not

be invoked before third parties unless the procedures of the registration stated in this Legislative Decree have been completed.

3 / All actions taken by the founders in the name of the company during the incorporation period shall be entrusted to the company after its registration, provided that the approval of the relevant bodies of the company is obtained when this legislative decree requires it. However, if the company does not carry out the planned procedures of the registration, the third party is entitled to uphold its personality.

#### **Article /14/ Mandatory data**

1 / All papers and notices issued by the company must contain its name, legal form, registration number and the other data listed in the Legislative Decree.

2 / If the company's registration number is not mentioned in the securities issued by the company as stated above, the company shall be fined of twenty five thousand Syrian pounds. The person who issued the paper or notice shall be responsible to the partners for this fine. In case of violation recurrence, the fine shall be doubled.

3 / If the company is under liquidation, this must be mentioned, in addition to the data previously mentioned on all the papers issued by the company and its advertisements. If the liquidation is not mentioned, the liquidators shall be fined 50,000 Syrian Pounds.

#### **Article /15/ The Specialized Court**

1/ One of the chambers of the Civil Court of First Instance shall be assigned to hear all disputes and commercial cases related to companies or their branches.

2/ One of the chambers of the Civil Appeal Court shall also be assigned to hear appeals against the decisions issued by the Court mentioned in paragraph / 1 / of this article.

3/ The Civil Court of First Instance, in which the Company's headquarters is within its jurisdiction, shall be the specialized court to settle all disputes arising between the partners or between partners and the administrators or arising from



the relationship of third parties to the company or in any other dispute related to the matters of the company and its activities.

4/ The Civil Court of First Instance, where the Company's branch is within said court's jurisdiction, shall be the competent court to settle all issues related to this branch.

5/ The parties shall have the right to resort to domestic or international arbitration in respect of private commercial or civil disputes provided for in this Legislative Decree.

#### **Article /16/**

#### **The Legal Status of Members in the Board of Directors**

The relationship between Members in the Board of Directors and the Joint Stock Company shall not be subject to the provisions of the Labor Law.

#### **Article / 17 /**

#### **Company Verification**

1 / Apart from Particular Partnership companies, partners shall not be entitled to verify the company among themselves or to third parties except by a written contract.

2 / The contract of the company or the amended documents of the contract must be organized by a lawyer registered in the list of lawyers within a period of five years and at the lawyer's responsibility.

3 / The Third parties, where appropriate, may prove by all means the existence of the company or the existence of any relevant stipulation.

#### **Article / 18 /**

#### **The dissolution of the company**

The Company shall be dissolved in any of the following cases:

1 / Expiry of the term specified for the company.

2 / Accomplishment of the objectives of the company.

3 / Partners agreement to dissolve the company.

4 / Bankruptcy announcement of the company.

5 / Dissolution of the company by a judicial decision.

6 / Merger of the company with another company.

7 / The number of partners does not meet the legally specified minimum and not rectifying the status of the company within a period of six months from the date of the warning issued by the Ministry.

#### **Article /19/**

##### **The company's cease and liquidation**

Once dissolved, the company enters the liquidation phase and its legal personality shall remain in existence for the required term for the liquidation and for the purpose of liquidation only.

#### **Article /20/**

##### **Appointing the liquidator..**

1 / The liquidator shall be appointed as per the Company's Memorandum of Association or by a decision issued by the majority of the partners or by the general assembly in accordance with the rules and the majority prescribed for the issuance of the resolutions of the company's ordinary general assembly. If the appointment is not made in accordance with the aforementioned, the liquidator shall be appointed by the specialized court at the request of the interested party or by the court which dissolved the company.

2 / The decision of the specialized court to appoint the liquidator shall be final.

#### **Article /21/**

##### **Announcement of company liquidation.**

1 / The liquidators shall, within a maximum period of three days from the date of issuance of this resolution, announce the liquidation decision of the company and the decision of their appointment, whether voluntarily or by a judicial decision at the Companies Registry.

2 / The Registrar shall, at the Company's expense, announce the liquidation of the company and the names of the liquidators in the official gazette and in two daily newspapers twice during a maximum period of seven days from the date of the dissolution decision or the appointment of the liquidator.

3 / The liquidator shall notify the decision of liquidation of the public joint stock company to the Securities Commission within three days from the date of issuance of the liquidation decision.

4 / All papers, correspondences, receipts, and warnings issued by the company shall indicate that it is a company under liquidation.

#### **Article / 22 /**

#### **"Company's Business and Administration" under liquidation...**

1/ The company shall cease to practice new business from the date of dissolving the company in the Company Registry.

2/ The registrar shall put the signal phrase "Under Liquidation" on the company's register.

3/ The authority of the body assigned to manage the company's activities shall expire upon the company's dissolution, but it shall continue its work until a liquidator is appointed to the company and handed over to his duties.

4/ The liquidator shall represent the Company before third parties from the date of his appointment's registration.

5/ The liquidator shall have the right to invite the partners or the general assembly for holding a meeting to approve the necessary subjects required for liquidating the company.

6 / The auditor of the company shall continue his job throughout the liquidation period and shall be joined by an accounting expert appointed by the court to supervise the liquidation works in case the liquidator is appointed by a judicial ruling.

#### **Article / 23 /**

#### **Invalidity of actions during liquidation.**

In the liquidation period, the following actions shall be invalid...

1 / Making contracts in the name of the company to continue its work.

2 / Any action that would reduce the company's funds, unless approved by all partners or the General Assembly of the company.

#### **Article / 24 /**

## **The duties of the liquidator...**

1 / The liquidator shall be delivered the company's books, records, documents, papers, funds, and assets. He shall organize special records for the liquidation process, including the company's claims and obligations, and any of the partners shall have the right to review the liquidation records mentioned above.

2 / If the liquidation term exceeds one year, the liquidator shall make the annual budget and publish it in at least two daily newspapers.

3 / The liquidator, within ninety days from the date of appointment, shall publish an announcement in two newspapers for at least two times, including an invite for creditors to review the company's premises and indicate their respective debt and address within ninety days from the date of the first announcement.

4 / If no creditor submits his claim to the Company within the time limit specified in the preceding paragraph, the creditor then may, after the expiry of this period and before the end of liquidation, submit his claim provided that the rank of the claim shall become after the rank of creditors who have filed their claims within the period specified in paragraph / 3 / of this Article.

5 / Subject to any restriction imposed by this Legislative Decree or stipulated in the Company's Memorandum of Association or articles of association, the liquidator shall carry out the necessary work to collect the debts of the Company against third parties or the partners and to pay its debts as per the legally prescribed priority. The liquidator shall also do the company's pending work and shall implement the existing contracts prior to liquidation without having to carry out new work on company's behalf.

6 / The liquidator may appoint the necessary experts to assist him in the liquidation work.

7 / The liquidator shall have the power to represent the company before the courts in lawsuits filed by or against the company and to take any precautionary measure to preserve the company's interests, and to appoint lawyers in the name of the company.

8 / The liquidator may not, before obtaining the approval of the partners who own the majority of the capital of the company or the general assembly of the company, enter into any settlement with the creditors of the company on the

company's behalf, or renounce any insurance or guarantee prescribed for its benefit, or sell its assets, funds, and projects in one transaction.

9 / If there are multiple liquidators, their decisions shall be taken unanimously among themselves, unless the document of Company's Memorandum of Association or the decision to appoint them provides for a certain majority.

10/ Liquidators may request the joint partners in the partnership companies and limited partnership to pay the necessary amounts for paying the debts in case the company funds are insufficient to pay them.

### **Article / 25 /**

#### **Rights of partners and shareholders from liquidation.**

1 / The Company's funds, assets, and rights shall be used to settle its obligations in the following order.

A / Liquidation expenses and liquidator fees.

B / Due Amounts from the company to the public treasury.

C / Due Amounts from the Company to its employees.

D / The debts owed by the company to non-partners.

E / Loans provided by the partners to the Company, which were not among their shares in the capital.

2 / The remaining funds and assets of the company shall be distributed among the partners and shareholders, each in accordance with his capital quota. The joint partners shall bear their share of the losses in accordance with their share in the capital.

3 / In all commercial companies, the lawsuit of the creditors of the company for the partners or their heirs or their successors in the rights are not imprescriptible after the lapse of five years after the dissolution of the company or the exit of one of the partners in respect of the lawsuits filed against this partner.

4/ The statute of limitations shall commence on the day of completion of the registration in all cases in which the registration is due, and from the day of closure of liquidation in claims arising from the liquidation itself. The statute of limitations shall be suspended or interrupted in accordance with the provisions of the General Rules.

## **Article /26/**

### **The responsibility of the liquidator...**

The liquidator shall be liable if he mismanages the affairs of the company during the liquidation term. The liquidator shall also be liable for compensation for damage caused to third parties due to liquidator's mistakes in accordance with the provisions of the responsibility of the Director of the Company or the responsibility of the members of the Board of Directors.

## **Article / 27 /**

### **Finishing the liquidation works ...**

1 / The liquidator shall submit a final account to the partners, or a final budget to the General Assembly, as the case may be. The said account includes the actions and procedures that the liquidator has undertaken to complete the liquidation process, and the share of each partner or shareholder in the distribution of the company's assets.

2 / The auditor of the company shall prepare a report on the accounts submitted by the liquidator, and present it as the case / to the partners, or to the general assembly of the company, for approval. If approved, the liquidator shall be discharged, otherwise any interested party may object to the accounts before the court.

## **Article / 28 /**

### **Displacing the liquidator...**

The liquidator shall be displaced in the manner in which he has been appointed. Each decision or ruling of displacement of the liquidator shall include the appointment of his replacement. The said displacement shall be registered in the companies' registry, and it shall not be used to invoke against third parties only from the date of registration procedure.

## **Chapter II**

### **Partnership Company**

## **Article / 29 /**

### **Partnership Company**

1 / A company operating under a certain title consisting of two or more partners who are personally, and jointly liable with all their funds for the company's obligations and debts.

2 / The partner in the Commercial Partnership Company shall acquire the status of a trader, and is considered to be dealing with the trade himself under the title of the company.

3 / The bankruptcy of the company leads to the bankruptcy of all partners individually

4 / It is required that the partner in the General Partnership Company shall be fully qualified.

### **Article / 30 /**

#### **Company Title**

1 / Title of the company consists of the names of all partners, or a number of them, with the addition of the suffix “and Co or what is equivalent with its meaning.

2 / The title of the company shall be compatible with the names of the current partners in the company, but the partners or their heirs, in case of the death of all or some of the partners, has the right to ask the company registrar to keep the name of the deceased partners in the company's address if such name has gained commercial fame, provided that reference is made to the benefit of the company's name succession.

3 / Any person who is foreign to the company knowingly agrees to include his name in a company's title becomes liable, with his personal capacity and in partnership, for the company's debts to any person who is fooled by this.

### **Article /31/**

#### **The Company's Capital...**

1 / The capital of the partnership company shall be determined in Syrian Pounds.

2 / The capital of the company or any part thereof may be in-kind contributions or business, and the share of each partner who provided cash, in-kind contributions, or business interest, is determined in Articles of Association.

## **Article /32/**

### **Registration procedures and the company's registry...**

/1 / Subject to the general provisions of company registration, the partners shall submit the registration application to the Registrar, along with a copy of Articles of Association. The registration application and Articles of Association shall be signed by all partners either before the Registrar, his substitute, the notary public, or any employee designated by the Minister.

/2/ The Incorporation Application shall include the following information:

A / Company's Address.

/B/ The names of the partners, their nationalities, and their domicile.

/ C / Objective of the company.

/D / Type of the company.

/E/ Company Headquarters and its affiliates, if any.

/F/ The Company's Capital and Partners' Shares.

/G/ Duration of the company.

/H/ The names of the directors, the names of the authorized persons who shall manage and hold signature on behalf of the company, their authority, and term of appointment.

/3/ Articles of Association shall include the following data:

/A / Company Title.

/B/ Company Type.

/C/ Partners' names, nationalities, and domicile.

/D/ Company Objectives.

/E/ Company Headquarters and its affiliates, if any.

/F/ The Company's Capital and the shares of each individual partner, including in-kind contributions or business, and the manner in which these shares are paid or provided.

/G/ The Foundation date and Duration of the company.



/H/ The regulations of how the company shall be managed, and the names of the authorized persons who shall manage and hold signature on-behalf of the company's director, their designated authority, and term of appointment.

/I/ The quorum of the partners' council and the majority required for decision-making.

/J/ Fiscal year of the company and how to distribute profits and losses.

/K/ Dispute Resolution strategies between partners.

/4/ The Registrar shall register the company in the Company Registry within the two working days following his receipt of the application, and the directors' announcement that they are eligible to assume this position, the concerned persons then are granted a registration certificate.

/5/ The Registrar shall have the right, within the period specified in the preceding paragraph, to reject the company registration, or any amendment to its contract if the registration application, Memorandum of Association, the registration application of its amendment, or the amended company contract all does not include the information and data imposed by this Legislative Decree, or if the contract is against the law and public order. In this case, the Registrar shall notify the partners of the violations; the partners shall object to the rejection decision within thirty days from the date of the Registrar's decision. In case the Registrar has rejected this objection, any partner or the general director have the right to object against the decision of rejection before the Ministry. If the decision is not taken within thirty days, any partner or the general director may appeal the decision of the rejection before the specialized court, which shall decide on the objection promptly by a final decision.

/6/ The partners shall submit a request for amendment of Articles of Association to the Registrar. The amendments shall be mentioned in the request and a copy of Articles of Association including the amendments made to it shall be attached. All partners, before the Registrar, his substitute, the notary public or any employee appointed by the Minister, shall sign the amendment request and the amended company's contract.

/7/ Not mentioning any stipulation of interest to third parties in the company contract deposited with the register secretariat or in the supplementary documents makes this text inapplicable against the concerned parties, and the

failure to register the amendments to the contract of the company makes these amendments inapplicable against third parties.

### **Article /33/**

#### **Partners' liability for company debts**

/1/ A partner in a partnership company shall be considered a guarantor with his personal funds, and in partnership with other partners for all debts and obligations incurred on the company during his partnership.

/2/ The creditors of the company shall be entitled to sue it, and they shall sue any partner who was among its partners at the time of the obligation. However, creditors shall not execute on the private funds of the partners to collect their debt until after the execution of the company's funds. If these funds were insufficient to pay-off the debts, creditors then have the legal right to pay-off the remaining debt using the partners' private funds.

### **Article / 34 /**

#### **Company's management...**

/1/ The right to manage the company shall be vested in the entity designated by Articles of Association, or the one appointed by the partners in any official document that has been promulgated. The management and signature of the company may be vested in one partner, several partners, or another person.

/2/ The Director shall be of legal age, shall enjoy civil rights, shall not be employed in the State, and shall have no previous convictions for an offence against honor or a breach of trust. The eligibility of these conditions shall be confirmed by a statement signed by the Director before an Official or before the Registrar.

/3/ If there are multiple managers, they shall be deemed to be authorized to manage the company jointly, unless Articles of Association or the document of their appointment provides for a designated majority among themselves, or each of them individually in the management or any of them to carry out certain activities.

/4/ Partners shall register any document subsequent to Articles of Association, including the appointment of the Company's directors, or any amendment to their authority.

/5/ The directors of the company shall perform all necessary procedures for the regular operation of the company and sign them within the limits of the powers granted to them and known in the Company Registry. In this case, the company shall be bound by the actions of the directors. Restrictions on the powers of persons authorized to represent or sign on behalf of the company and registered in the Company Registry shall be deemed effective against third parties if the contract or disposition issued by the company is referred to its commercial registration number.

/6/ The manager shall be authorized to litigate in the name of the company and to appoint lawyers unless the contract provides otherwise.

/7/ The Director shall not be entitled to assign all his powers or entrust them with others unless the decision of his appointment permits him to do so. In any case, this power of attorney shall be included in the company's register.

/8/ The manager of the company shall be liable to the company and the partners for the damage caused to the company due to his negligence or default. Any requirement to the contrary shall be deemed null and void. This liability shall lapse upon the expiry of three years from the end of his work in the management of the Company for any reason whatsoever. The time limit for the termination of liability for any act or omission intended by the Director shall not apply in violation of Articles of Association or the decisions of the partners and may cause damage to the company or any actions concealed from the partners. In the event that the act attributed to the Director is an offense, the claim of liability shall not be waived except in accordance with the provisions of the General Rules.

/9 / The Partnership Company, which has a capital exceeding ten million Syrian pounds, shall appoint an auditor elected by the partners from the auditors' table issued by the concerned ministry. This auditor shall be subject in his authority, responsibility and duties under the rules prescribed by the auditors.

## **Article / 35 /**

### **Partners Council**

/1/ The partners may take their decisions related to the company in the partners council if the company contract stipulates so.

/2/ The Board of Partners shall consist of the owners of the shares therein, and each partner shall have the right to attending the meeting and participating in the discussions of this board despite any contrary stipulation, and Articles of Association shall specify the mechanism for meetings invitations to the partners' council.

/3/ Decisions in the Board of Partners shall be issued by a majority of more than half of The Company's Capital, unless otherwise stipulated in Articles of Association.

/4/ Decisions to amend, dissolve or merge Articles of Association shall not be valid unless agreed upon by the partners in a contract to which they sign and duly register.

/5/ Decisions issued by partners shall be binding on the Director and he shall be responsible for their implementation and compliance.

/6/ A non-manager partner may not carry out management or interfere with the management of the company.

/7/ The vote of the partner on the resolutions presented to the partners' council shall not be considered as interference in the work of the management.

/8/ The partner may request access to the company's books, accounting records, documents and contracts.

## **Article / 36 /**

### **Manager Discharge and Retirement**

/1/ If the manager is a designated partner in Articles of Association and his authority is specified therein, he may not be discharged or has his powers changed unless the company contract is amended.

/ 2 / If the manager is a designated partner as per a document independent of Articles of Association specifying his powers or if he is not a partner, the partners may discharge him or amend his powers by a decision taken by a majority of the capital unless they agree otherwise.

/3/ The specialized court may, by a decision issued at the request of one or more partners, discharge the director if it considers a legitimate reason to justify that.

/4/ Articles of Association may stipulate the company's dissolution if the partner manager appointed in its contract is dismissed by a final judicial ruling.

/5/ If the manager is a partner and appointed in Articles of Association, he may not retire from the administration for reasons unratified by the partners or the court, otherwise he shall be liable for compensation.

#### **Article / 37 /**

##### **The Prior written consent of partners for certain actions.**

/1/ The Director of a General Partnership Company, whether a partner or others, shall not perform any of the following acts without obtaining the prior written consent of all or some of the partners as determined by Articles of Association.

/A/ Contracting with the company directly or indirectly to execute any project for its own account or its competitor;

/B/ To carry out, on his account or on behalf of others, an activity similar to that of the company.

/C/ Being a partner in another partnership company or a limited partner in a limited partnership if such company is engaged in an activity similar to that of the company or a competitor.

/D/ Selling the Company's real estate unless the disposition is within its purposes.

/E/ Mortgaging or insuring the Company's real estate.

/F/ Disposal of the company's projects.

/2/ The partners' consent to the approval of the Director for the aforementioned works shall be renewed annually unless otherwise stipulated in Articles of Association.

#### **Article / 38 /**

##### **Partner's Shares Renunciation in the Company**

/1/ Partner may not renounce any of his shares in the company to others without the consent of all partners and provided that the transactions of registration are made.

/2/ However, the partner may transfer to third party the rights and benefits pertaining to his share of the company. This agreement shall have no effect except among the contractors.

## **Article / 39 /**

### **Company Dissolution**

/1/ In addition to the general reasons for the dissolution of companies, partnership company shall be dissolved in the event of the bankruptcy of one of the partners or loss of his eligibility unless the other partners decide the continuation of the company among themselves in isolation from the partner who has become bankrupt or disqualified provided that the transaction registration is made.

/2/ If one of the partners in the partnership company becomes bankrupt, the creditors of the company shall have the right of concession in the bankruptcy funds on the partner's own debts. If the company goes bankrupt, the debts of its creditors shall be given the right of concession over the debts of its partners.

## **Article / 40 /**

### **The death of the partner...**

/1/ If there is no contrary provision in Articles of Association, the partnership company in the event of the death of one of the partners shall continue among the other living partners.

/2/ The rights of the deceased partner shall be vested in his heirs. The company shall continue with these heirs and shall join the company as a joint partner whoever wishes from the heirs of the deceased partner in proportion to his share of the inheritance if they fulfil the joint-partner preconditions in accordance with the provisions of this Legislative Decree and with the consent of the other partners. An heir who does not wish to enter the company as a joint partner, if he is a minor or incapacitated heir, he joins the company as limited partners, the company then becomes a limited partnership company, unless Articles of Association stipulates otherwise.

/3/ The estate of the deceased partner shall be liable for the debts and obligations incurred on the company up to the date of transferring the status of his heirs in the company to (limited partners).

## **Article / 41 /**

### **Inclusion of a partner in the company...**

/1/ Partners may include one or several partners in the company with compliance to the rules of the registration stipulated in this Legislative Decree. This shall be unanimous unless Articles of Association provides otherwise.

/2 / If a partner joins the company, he is liable with the other partners in partnership and with all his funds for the obligations of the company after joining it and any agreement between the partners otherwise is not invoked against others.

## **Article / 42 /**

### **Partner's withdrawal from the company...**

/1 / Partner shall not be allowed to withdraw from the company before the expiry of its term, except through the consent of the other partners.

/2/ The withdrawal of the partner from the company shall not have any effect before declaring the withdrawal.

/3/ If the partner withdraws from the company, he shall not be liable for the obligations arising in the company after his withdrawal registry.

/4/ If one of the partners renounced his share in the company, he shall not be discharged from the obligations of the company towards its creditors, unless they approve the renouncement in accordance with the applicable rules regarding debts transfer.

/5/ Partners in a partnership company shall not remove any of the other partners from the company except by a final ruling.

## **Article / 43 /**

### **Profits and Losses...**

The profits and losses and the share of each partner shall be determined at the end of the fiscal year of the company from the final budget and profits and losses account. Each partner shall be considered a creditor to the company with his share of profits as soon as this share is determined, provided completing the decrease in the capital due to losses unless otherwise agreed.

## **Title III**

### **Limited Partnership Company...**

#### **Article / 44 /**

### **Limited Partnership Company...**

A company operating under a certain title in which at least one of the partners is a joint partner in addition to a limited partner or partners.

/A/ Joint partners are those who are entitled to participate in the management of the company and shall be jointly liable for the debts and obligations of the company in their own funds.

/B/ The limited partners are those who provide a share in the capital of the company without having the right to participate in the management of the company. Each of them shall be liable for the debts and obligations of the company limited to his share in the capital of the company.

#### **Article / 45 /**

### **Company Title..**

/1/ The company address may only include the names of the joint partners.

/2/ The name of any limited partner dormant partner shall not be included in the address of the limited partnership company. If the silent partner dormant partner tolerates the use of his name in the address of the company, he shall be liable as a joint partner towards others in good faith.

#### **Article / 46 /**

### **Company management..**

/1/ The dormant partner shall not have the right to interfere in the management of the company's business against third parties and shall not have the authority to represent it, even on the basis of attorney, otherwise he shall be liable for the company's debts and obligations incurred on the company because of his involvement or contribution in the management that is of the joint partner.



/ 2 / The participation of the limited - dormant partner in the work of the partners' council shall not be considered as a contribution to the management of the company or as an interference in the company or its activities.

/3/ The limited - dormant partner shall have the right to review the company's books, accounts and records of the decisions taken in the course of its management and to deliberate with the joint partners or with the company's managers in respect thereof.

#### **Article / 47 /**

##### **Limited partner renunciation of their share ..**

The limited partner may renounce his share to third parties with the consent of the joint partners unless the company contract states otherwise.

#### **Article / 48 /**

##### **Including a joint partner in the company ..**

/1/ A new joint partner may be admitted to the limited partnership company with the approval of all the joint partners. The approval of the limited partners is not required.

/2/ The status of the limited partner may be transferred to a new joint partner. The limited partner shall not become a joint partner in the company unless it is done under a contract signed by him and by the joint partners and shall be duly promulgated.

/3/ A new limited partner may be admitted into the limited partnership company with the approval of all the joint and limited partners therein unless the company contract stipulates otherwise.

#### **Article No. / 49 /**

##### **Decision making in the company ..**

/1/ Subject to the provisions of Article 48, voting on decisions in the limited partnership company shall be for the joint partners, unless the contract gives the limited partners the right to vote.

/2/ Decisions in the company shall be issued by a majority of more than half of the capital owned by the voting partners, unless the company's contract provides otherwise.

/3/ Decisions concerning the amendment, dissolution or merger of the company shall not be valid unless agreed upon by the joint and limited partners in a contract to be signed and registered duly.

#### **Article / 50 /**

#### **Applying the provisions of Partnership Company to the limited company.**

/1/ The provisions applicable to the joint partners in the partnership company shall apply to the partners in the limited partnership company.

/2/ The limited partnership company shall be subject to the provisions of the partnership company stipulated in this Legislative Decree, in cases and matters not mentioned in this chapter and in a manner that does not contradict with its provisions.

/3/ The bankruptcy, insolvency, death, incapacity or permanent disability of the limited partner shall not lead to the dissolution of the company unless the company's contract provides otherwise.

### **Chapter 4**

#### **Particular Partnership Company**

#### **Article / 51 /**

#### **Particular Partnership Company**

1/ A company held between two or more persons, and it is not announced to others, and its entity is confined to the contractors. An ostensible partner who deals with others practices the company's actions.

2/ The Particular Partnership company has no legal personality and is not subject to the transactions of the registrations imposed on other companies.

#### **Article / 52 /**

#### **Particular Partnership Company Contract**

The contract of a Particular Partnership shall specify the mutual rights and obligations between the partners and these rights' duration and how to pay the capital and share the profits and losses among them, while retaining the application of the general principles of the company contract.

### **Article / 53 /**

#### **Proof of Particular Partnership company ..**

The contract of the Particular Partnership company shall be proved by all sanctioned methods of proof in the commercial articles if its subject is commercial, and the methods of proof specified in the civil articles if its subject is civil.

### **Article / 54 /**

#### **Third party relationship with company ..**

1 / The third party shall have a legal association only with the partner he has contracted with.

2/ A **Particular Partnership** company which appears to third parties as such may be treated as an actual company and its partners shall be jointly liable in partnership to such third parties.

## **Chapter 5**

### **Limited Liability Company**

#### **Article / 55 /**

##### **Limited Liability Company**

1 / A company consisting of at least two persons and the responsibility of the partner is limited to the amount of shares he owns in the company's capital.

2 / The limited liability company may consist of one person, and, in this case, it is called the "one person limited liability company".

3/ The executive regulation list of the one person limited liability company shall be issued by a decision of the Minister.

4/ The limited liability company shall be considered a trading company subject to the trade law whatever its theme may be.

#### **Article / 56 /**

##### **The company's capital..**

/1/ The capital of the Limited Liability Company shall be specified in Syrian Pounds unless the Ministry allows the Company to specify it in another currency.

/2/ The capital of the Limited Liability Company shall be paid in full within thirty days from the date of the Ministry's decision of ratifying the Company's Articles of Association, unless the Articles of Association or its foundation request require a further period. In this case, the amount paid at the time of the ministerial decision for ratifying should not be less than 40% of the value of the cash shares. The remaining shares shall be paid within one year and subject to the cancellation of the company's license decision.

/3/ Payment of the cash shares must be confirmed by bank receipts.

/4/ The company has the right to operate its bank accounts after presenting a true copy of its registration certificate.

/5/ The capital of the company shall be divided into shares of equal value that are indivisible. In case the share or shares become the property of more than one person, and the owners do not agree on the person representing them towards the company and the partners, the owner of the majority of the shares thus represents them. However, if the ownership of the shares is equal and no agreement has been reached concerning the representative person, he shall be determined by the director of the company.

/6/ The capital of the company or any part thereof may be in-kind contributions. Franchising rights, inventions, technical knowledge and other moral rights are considered to be in-kind and may not be the services or business of any person.

/7/ Under no circumstances shall the shares of the Limited Liability Company be placed on subscription or invite the public to purchase shares therein or list its shares in any financial market. The Company shall not be entitled to issue trading bonds.

/8/ This company is prohibited from carrying out insurance, banking or savings activities.

## **Article / 57 /**

### **The Company's name..**

/1/ The name of the company shall be followed by the phrase /Limited Liability Company/.

/2/ In addition to the information that companies must include in their publications, advertisements and contracts, the limited liability company must include its capital in these papers.

/3/ Managers shall be held responsible in their own funds and jointly for the obligations of the company towards third parties who have made contracts with the company without knowing the legal form of the company or its capital.

## **Article / 58 /**

### **Term of Company..**

/1/ The term of the company shall be specified in its Articles of Association. The term may be limited or unlimited.

/2/ If the company's purpose is a certain business, its term may be determined by the end of this business.

/3/ If the duration of the company is unlimited, the general assembly of the company may decide to dissolve it at the end of the fiscal cycle that follows the date of the general assembly's meeting which decided the dissolution, provided that this decision shall be published in the official gazette and in two daily newspapers for at least two times.

## **Article / 59 /**

### **In-kind shares ..**

/1/ If part of the company's capital is in-kind contributions, the founders or the company shall attach a request for ratification or amendment of the Articles of Association to a report prepared in accordance with the international evaluation standards from an experienced Syrian accounting authority or from an accounting company accredited by the concerned ministry, including an estimate of the value of these advances. The assessment report of the value of the in-kind contributions issued by the authority that prepared it shall indicate that the authority has taken note of its responsibility with the owner of the in-

kind contributions for the validity of its estimates in the event that it is found to have committed a serious error or knew that the estimates were wrong, and in this regard, the provisions of Law No. / 33 / of / 2009 / regulating the profession of auditors shall be applied.

/ 2 / Any person affected by the assessment of the in-kind shares shall have the right to file a claim of liability against the persons who submitted them. Such persons shall be jointly liable with the manager (s), the auditors and the authority that evaluated them if there is a deliberate increase in the evaluation of such contributions, and the right of limitation shall be forfeited if this lawsuit shall take place within three years from the date of the company's registration or the amendment of its Articles of Association.

/3/ The owner of the in-kind shares shall submit them and transfer their ownership to the name of the limited liability company within sixty days from the date of issuing the ministerial decision to ratify the Articles of Association.

/4/ If the providers of the shares in kind do not commit to submitting them and transferring their ownership within the period mentioned above, each of them shall be deemed obliged to pay its value in cash in accordance with the value approved by the accounting authority which assessed the value of such contributions.

#### **Article / 60 /**

##### **Disposition of in kind shares ..**

If the owner of the in-kind shares disposes of the bonds that represent such share before the lapse of two years from the registration of the company, he shall be jointly liable with the disposing person for the validity of its value.

#### **Article / 61 /**

##### **Procedures of establishing the company ..**

/1/ The founders shall submit their application for ratification of the Articles of Association of the Limited Liability Company to the Ministry after paying the required fees and ratifying their signatures by the notary public or by any authority specified by the Minister. The application shall include the following information:

/A/ The names of the founders, their nationalities, their shares in the capital, the value of the share and the chosen domicile for each of them.

B/ The name, purpose, type, duration, capital of the company and the period specified for the payment of the capital, its headquarters and branches.

C/ A statement of the in-kind share or shares in the capital including its value in accordance with the valuation report and the name of the partner who submitted it.

/2/ The application may include authorizing one or more persons to sign the Articles of Association, and follow-up the establishment procedures and the company's registration.

/3/ The application for establishment shall be accompanied by the company's Articles of Association, the document of the appointment of the company's directors and its auditors signed by the founders and the report containing an estimate of the value of the in-kind shares, if any, and the time limit for the payment of capital.

/4/ The company's Articles of Association shall include the following information:

/A/ Company name, type, duration, purpose and headquarter.

/B/ The company's capital and the method of paying it.

/C/ how to manage the company and the limits of the managers' powers, especially in borrowing and selling the assets of the company, mortgage, and disposal, and assignment of projects and licenses and privileges granted to them and the provision of guarantees.

/D/ How to organize the accounts of the company and the distribution of profits and losses.

## **Article / 62 /**

### **Ratification of the company's Articles of Association.**

/1/ The Minister or his authorized representative shall issue a decision ratifying the company's Articles of Association or amendments thereto within seven days from the date of registration of the application in the Ministry. The Ministry shall have the right to refuse ratifying the company's Articles of Association if

the founders do not remove the legal violation or violations within the period specified by the Ministry.

/2/ The founders may object to the rejection decision within thirty days from the date of notification of the Ministry's decision. If the Ministry rejects the objection, any founder or any of the partners may appeal the rejection decision before the Administrative Judicial Court, which shall decide on the objection within thirty days from the date of completing the litigation in the case by a final decision.

/3/ The founders or their deputies shall deposit the certified Articles of Association and the document of the appointment of directors, auditors and notified bank receipts to settle the capital and evaluate the in-kind share (if any), its beneficial delivery or transfer of company ownership, and the clearance provided by the managers, which clearance shall notify that the required conditions are available to hold this position and a notice that the Ministry's decision to ratify the company's Articles of Association shall be published exclusively in the official gazette with the registrar within sixty days from the date of the issuance of the ratification decision. The company registrar must register the limited liability company in his records, and issue a registration certificate. The registrar shall not be entitled to suspend the company's registration on any condition other than those specified above.

/4/ The Minister or his authorized representative shall have the right to cancel the decision to ratify the company's Articles of Association or any amendment thereof in case the founders and managers do not comply with the required procedures of the registration within sixty days from the date of issuing the relevant decision.

### **Article / 63 /**

#### **Founder's withdrawal or non-payment of his share value..**

1/ If one of the founders of the Limited Liability Company informs the Ministry of his withdrawal from the company or if he fails to pay or submit his share in the capital within the specified period, the other founders may, after excusing him and his non-compliance with the excuses, within ten days from the date of notification to the Ministry, request the replacement of a person or persons in his post in the company.



2 / In case of non-payment of the company's capital within the specified period and subject to the provisions of the preceding paragraph, each founder of the request to the Ministry may issue a decision to cancel the ratification. In this case, the bank shall return the amounts paid by the founders to their owners in full as soon as the founder submits the Ministry's decision to cancel the ratification. The applicant may request a re-registration of the in-kind shares on his name based on the Ministry's decision to cancel the ratification decision. The founders shall bear the costs of establishment according to the percentage of their participation in the company.

#### **Article /64/**

##### **Partners Register ..**

1/ A record of partners shall be maintained in the company under the supervision of managers, in which the names of the partners, the domicile of each of them, their shares and the value of these shares and the share of the partner in the conduct, attachment or other occurrences shall be recorded. Each partner shall have the right to have access to this register, which may be electronic.

2/ The director shall have the right to refuse to record any incident in the partners' register if it violates the provisions of this Legislative Decree or the Articles of Association.

3/ The directors are civilly and penally responsible for the validity of the information contained in the register.

4/ The information in the company's records shall be considered valid (correct) until a judicial ruling is issued to the contrary.

5/ The person entrusted to the register, who registers any registry contrary to reality, shall be penalized for forgery.

#### **Article / 65 /**

##### **Notifying partners ..**

Partners shall be notified of matters pertaining to the company with a letter including a receipt on their chosen domicile unless the company's Articles of Association specify other methods of communication. The Articles of

Association may provide for notification via modern means of communication such as fax or e-mail.

## **Article /66/**

### **Transfer of ownership of shares ..**

1 / assignment of shares in the company shall take place before the Notary Public or before an employee of the Directorate of Companies in the Ministry or before the director of the company or before the acting person delegated by the company for this purpose, and in the latter two cases the assignment is the responsibility of the director of the company or the acting person delegated by the company for this purpose and in accordance with the form approved by the ministry.

2 / The transfer of shares shall have effect only from the time of registration in the partners register.

3 / The partner is entitled to assign his share in the company to any other partner.

4/ Any of the partners shall have the right of preponderance to any share that one of the partners wishes to sell to others in accordance with the conditions or mechanism specified by the Articles of Association.

5 / The share of each partner is transferred to his heirs. Heirs shall be deemed to be the heirs in the company in which the number of partners does not exceed twenty five by virtue of one owner of the shares of their testator unless the other partners agree to register the shares of the testator in the name of each heir according to his share. The heirs shall have the right to request the registration of the shares of their testator in the name of each of them when the number of partners in the company exceeds twenty-five without the need for any approval.

6 / Judicial decisions relating to the transfer of ownership of the company's shares in which the number of partners does not exceed twenty-five shall not be valid against the company or partners unless the company is litigated in this case.

7 / The shares may be mortgaged.

**Article / 67 /  
company management..**

1 / The company shall be managed by one or more partners or third parties provided that the number of managers shall not exceed five.

2 / A company with more than twenty-five partners may have up to seven managers.

3 / The Director shall be of legal age, enjoying his civil rights, and shall not be an employee of the State or sentenced for any criminal penalty or for any crime against honor and honesty. The availability of these conditions is confirmed by a signed authorization by each director and a duly certified legal record.

4 / The Articles of Association shall determine the method of determining the compensation of managers and may be left to the General Assembly to determine it.

5 / The company's Articles of Association may provide for the formation of a board of directors, headed by a chairman that is elected by the directors among themselves. In this case, the provisions, relating to the board of directors and the chairman of the board of directors of the joint stock company shall apply to the quorum, the vacancy of one of the members of the board, (and) decisions and powers of representation and responsibility of the Company shall, be carried out by the Board of Directors of the Company and its Chairman.

6 / The number of members of the Board of Directors shall not exceed the number specified for the directors of the company.

7 / The term "manager" is used in this chapter for plural and for the board of directors.

8 / The Director shall not have the right to transfer any of his powers delegated by the General Authority to others without the approval of this Authority.

9 / The Articles of Association specify the term of office of the director and may not exceed four years and the term is renewable.

10 / The manager of the company has all the necessary powers to manage the company unless it is specified in the Articles of Association. Restrictions in the Commercial Register shall be deemed valid against third parties if reference is

made in the contract or the action issued by the company to the company's registration number.

11 / The director may be dismissed by a majority vote of the general assembly of the company or by a judicial decision if reasons were found that justify such action.

12/ If the management of the company is assumed by one manager and his position becomes vacant for any reason whatsoever, each partner may request the ministry to invite a general assembly to elect a new director of the company.

### **Article / 68 /**

#### **The duties of the director ..**

1 / The Director shall comply with the directives of the General Assembly and shall not violate its decisions.

2 / The manager must prepare within the first five months of each fiscal year:

A / A report on the company's business in the previous year and future work plan.

B/ The general annual budget of the company, its final accounts, profits and losses account and cash flows for the previous year, all certified by the company's auditor.

3/ The Director shall obtain the approval of the General Assembly of the Company to carry out any action or actions that is outside the powers granted to him under the Company's Articles of Association.

4/ It is prohibited for the manager to disclose to third parties any company-related information or data of a confidential nature and which he has obtained by virtue of his position in the company or to perform any work for it or in it, and is subject to the penalty of dismissal and compensation claiming for the damages caused to the company. Information that has already been published, on the other hand, or that is permitted by laws or regulations is excluded.

## **Article No. / 69 /**

### **The responsibility of managers ..**

1/ Directors shall be jointly liable before the Ministry, the Company, partners and others for violations of the provisions of the Laws or the Company's Articles of Association, or the decisions of public bodies. Managers are jointly responsible to the company and partners for their mistakes in the management of the company. Any director shall have the right to refer to the other responsible managers when he or she state it as a written objection in the minutes of the meeting against the decision which included the violation or error.

2 / To avoid this responsibility, the manager must establish evidence that he took care of the management of company's business as a paid agent.

3/ The claim of liability shall be conceded by the lapse of three years from the date of the general assembly in which the Director has performed an account for his administration, unless such liability is the result of work or omission of deliberate work or related to matters concealed by the Director from the partners. In the event that the act attributed to the Director is an offense, the claim of liability shall not be conceded except for the provisions of the General Rules.

## **Article / 70 /**

### **Prohibitions ..**

1/ The Director may not, without the approval of the General Assembly of the Company, administer in another competing or similar company, or perform, for his own account or for the account of third parties, operations in a similar trade or competition for the purposes of the Company.

2 / The director of the company may not have a direct or indirect interest in the contracts and projects made with or for the company unless it is under a license granted by the General Assembly and this license shall be renewed every year.

3 / The manager may not obtain loans or guarantees from the company for their benefit or for their relatives up to the fourth degree, including this degree.

## **Article / 71 /**

### **Call for meetings of the General Assembly...**

1/ The general assembly shall be invited to the meeting by the director or the chairman of the board of directors by an invitation to the partners at their chosen domicile fourteen days before the meeting date. In this invitation, the date of the meeting and the date of the second session shall be assigned in case the quorum is not completed in the first session. The period between the first meeting and the second meeting shall not exceed fourteen days. The inviter must send the agenda and all documents required for the meeting to all partners, and all notifications addressed to the partners to attend the meeting of the General Assembly is the responsibility of the director who issued the invitation.

2/ The general assembly shall hold its meetings in Syria, and these meetings shall be held in the company's headquarters unless the partners agree, or the Articles of Association stipulate otherwise.

3/ During the first six months of the fiscal year of the Company, the Director shall convene the General Assembly of Partners. The agenda shall include the following topics:

A/ Discussing the manager's report on the company's business during the previous fiscal year and the future work plan, and taking a decision thereon.

B/ Discussing the Company's budget sheet, profits and losses account, cash flow, and the auditor's report, and taking a decision thereon.

C/ Election of an auditor for one year and determining his fees.

D/ Election of the Director or Directors of the Company in case their term expires , and determining their fees.

E/ Discharge the directors of the company if the Authority deems it.

F/ Any other matters are decided upon by the General Assembly, and submitted to it by the Director of the Company, or by any partner in accordance with the provisions of the Articles of Association , or this Legislative Decree.

4 / If the director neglects to invite the general assembly to the meeting, any partner, or the company's auditor, may request the ministry to issue the invitation.

5 / The invitation of the general assembly meeting shall include the agenda of the session.

6 / Partners who own at least 10% of the company's shares, shall have the right to ask the manager to invite a general assembly of the company to discuss the topics specified in their request. In case the Director does not issue the invitation within fourteen days from the date of receiving the request, the Ministry shall issue such invitation upon the request of such partners. In any event, the date of the meeting shall not exceed thirty days from the date of submission of the partners request. The expenses of the invitation shall be on the company.

7 / If any of the partners requests that a specific issue is to be included in the agenda, the Director shall accept the request, provided that this request reaches the company at least seven days prior to the scheduled date of the session, and the Director shall report the modified agenda to the partners at least twenty-four hours before the session is due .

8 / Attendance of the partner removes any defect in the procedures of his invitation to the General Assembly meeting.

## **Article / 72 /**

### **The general assembly of the company...**

1 / The general assembly of the company consists of the company shareholders.

2 / Each partner has the right to attend the session and participate in the General Assembly discussions despite any conflicting provision, and has one vote for each share the partner owns. If the Company's Articles of Association ratifies, then each partner may delegate another partner, or any other person, either by an Ordinary Letter issued by him personally, or by a Power of Attorney for this purpose. The Moderator of the session shall ratify the delegation and authorization letters .

3 / The decisions issued by the General Assembly of the company at any meeting held by a legal quorum shall be binding upon the company and all partners whether or not they attend the meeting, provided that such decisions have been issued in accordance with the provisions of this Legislative Decree and the Company's Articles of Association.

4 / The General Assembly may not deliberate on matters other than the ones listed in the agenda. unless all partners are present and agree to do so.

5 / If the partner is a legal person, the partner shall be represented by the person mentioned for this purpose by a letter issued by him, and the minor is represented by his legal deputy.

6 / The representative of the Ministry must attend the meetings of the public bodies if their agenda includes an amendment to their Articles of Association in order to monitor the availability of quorum and the legality of voting.

7 / An attendance schedule shall be maintained in the public bodies, in which the names of the attending partners, and the number of votes they hold by authenticity and power of Attorney shall be recorded then signed by them. The schedule shall be kept with the company.

8 / Meetings will be chaired by the Director General, the Chairman of the Board of Directors, or the Senior Manager, unless the Directors agree otherwise. The Chairperson shall appoint a clerk to record the proceedings.

9/ A record of the summary of the General Assembly's discussions shall be made, and the minutes and decisions of the General Assembly are written in a special registry signed by the Chairman, the clerk, and the Minister's Representative, if he is present. It shall be recorded in a special registry with the company. Any of the partners shall have the right to have access these minutes and decisions, including the budget, profits and losses accounts, and the annual report, and they shall obtain a certified true copy thereof. The Ministry must also be provided with the minutes of the General Assembly meeting within a period of seven days from the meeting date under the risk of non-ratification and non-implementation of the minutes and its decisions by the Ministry.

10/ The minutes of the meetings of the General Assembly shall be considered correct until proven otherwise by a final judicial decision.

11 / The signatories of the minutes shall be penalized with the offense of forgery in the case of transcribing any information contrary to the facts of the meeting or in the event of omission of the production of a fact in the minutes of the meeting.



## **Article / 73 /**

### **Quorum of the General Assembly...**

1 / The quorum of the General Assembly shall be legal in the presence of partners representing at least half of the capital shares unless the Articles of Association specifies a higher percentage.

2 / If the majority provided for in this Article is not available to complete the quorum of the meeting within one hour from the date fixed for the meeting, the session shall be postponed to the second date specified in the invitation letter. The interval between the first meeting and the second meeting shall be at least twenty-four hours. The quorum for the second meeting shall be considered complete unless the Articles of Association provides otherwise. Decisions to amend the Articles of Association, dissolve or merge the Company or transform its legal form are exempted from this, and the presence of partners holding at least fifty percent of the capital shares is required.

## **Article / 74 /**

### **The required majority in the resolutions of the General Assembly.**

Decisions of the General Assembly shall be issued with the approval of the partners holding a majority of more than 50% of the capital represented at the meeting, unless the Articles of Association specifies a higher percentage. Decisions to amend Articles of Association, dissolve or merge the company or transform its legal form are excluded, stipulating a majority of 75% of the shares represented at the meeting, provided that such majority is not less than half of the company's capital.

## **Article / 75 /**

### **Ratification of General Assembly resolutions**

1 / All decisions including the amendment of the Articles of Association, dissolution and merger of the company and the names of the managers of the company and their powers are subject to the approval of the ministry and the

registration at the registry secretariat. Such decisions shall not be deemed valid against the Company, its partners or third parties until after its registration.

2 / The Director of the Company or any partner may submit the application to the Ministry by ratifying the new Articles of Association, which shall include the amendments approved by the General Assembly of the Company.

3 / The company must register any amendment to its Articles of Association within sixty days from the date of ratification or amendment of the company's Articles of Association by the Ministry. The decision shall be null and void after this period if it is not duly registered .

#### **Article / 76 /**

##### **Appealing the decisions of the General Assembly ..**

1 / Each partner shall have the right to file a lawsuit against any decision taken by the General Assembly if it is contrary to the provisions of this Legislative Decree or the Articles of Association. This case shall not be heard after ninety days from the date of the decision.

2/ Decisions issued by the General Assembly may not be suspended until after the judgment is null and void by a final judicial ruling.

#### **Article /77/**

##### **The Capital increase...**

1/ The Limited Liability Company shall increase its capital by virtue of a decision to amend its articles of association.

2 / Each partner has the right of preference to subscribe to the shares established according to the capital increase of the company and according to the proportion to his shareholding therein. The partner wishing to exercise the right of preference shall pay the value of his share within the period specified by the General Assembly for this purpose.

3 / If any of the partners does not exercise the right of preference to subscribe to the shares allocated to him when the capital increase, the remaining partners may subscribe to these shares in proportion to their respective shares in the capital.

## **Article / 78 /**

### **Losses and capital reduction procedures**

1 / If the losses of the company exceed half of its capital, managers must call the general assembly of the company for a meeting to decide whether to cover the loss or reduce the company's capital by at least the legally prescribed minimum or dissolve and liquidate the company. If none of the measures mentioned-above is taken, each partner or the Ministry may submit a request to the judiciary to approve the dissolution and liquidation of the company.

2 / The capital reduction is subject to the following procedures:

A/ The company's management shall attach a request to ratify the amendment of the company's Articles of Association, which includes the reduction of its capital, which is submitted to the Ministry by a list issued by the auditor containing the names of the creditors of the company and the amount of each debt and their addresses and a certificate issued by the auditor stating that the reduction of the capital does not affect the rights of creditors.

B/ The Company shall publish the reduction decision along with the list of creditors in the Official Gazette and two daily newspapers for at least two times.

C/ Creditors whose total debt is not less than 10% of the company's debts, as stated in the auditor's report, shall be entitled to file the case before the concerned court at the company's headquarters or its chosen domicile within thirty days from the date of announcing the reduction in the newspapers for the last time, in order to override the reduction decision that would harm their interest, and the period of the announcement does not apply to creditors who are not named in the announcement.

D/ The court may decide to suspend the implementation of the reduction decision until the case is finalized by a decision taken in the study room and characterized by expedited enforcement .

E/ The Court shall hear the case promptly and shall hold its meetings every 72 hours at most. The decision of the Court of Appeal issued in the case shall be final .

## **Article / 79 /**

### **Auditors...**

The Company's Articles of Association shall provide for the election of one or more auditors elected by the partners in the General Assembly from the Chartered Accountants' Table issued by the concerned Ministry. The auditors in their authority, responsibility and duties shall be subject to the rules prescribed for the auditors of the joint stock companies and Law No. 33 of 2009.

## **Article / 80 /**

### **Company Accounts...**

The Company shall organize its accounts and keep its records and books in accordance with the accounting standards provided in the Articles of Association and the lists adopted by the Company.

## **Article / 81 /**

### **Fiscal Year..**

- 1/ The company's fiscal year follows the Gregorian calendar year.
- 2/ The Articles of Association may specify the commencement and expiry dates of a fiscal year. However, the first fiscal year shall commence from the date of issuing the decision to ratify the company's Articles of Association and shall end in the last month of the following fiscal year.

## **Article / 82 /**

### **Compulsory Reserve**

- 1/ The company shall deduct 10% of its annual net profits to form a compulsory reserve. The company may stop this deduction if the reserve reaches one quarter of the capital . However, the company may, with the approval of the General Assembly continue to deduct this annual ratio until this reserve equals the company's capital in full.
- 2/ The compulsory reserve shall be used to secure the minimum income specified in the Company's Articles of Association in the years in which the

Company's profits do not allow to secure such a limit or to meet the Company's emergency expenses as determined by the General Assembly.

#### **Article / 83 /**

##### **Optional Reserve**

1/ The General Assembly of the company may decide to deduct annually not more than 20% of its annual net profits for that year to the optional reserve account.

2/ The optional reserve shall be used as determined by the General Assembly of the company and may be distributed in full or in part as profits to the partners.

#### **Article / 84 /**

##### **Depreciation reserve**

1/ The company's Articles of Association, shall include the percentage to be deducted annually from non-net profits as depreciation of the company's assets and according to the ratios approved by the Ministry of Finance.

2 / These funds shall be used by a decision of the Director to purchase or repair the consumable materials, machinery and installations. Such funds shall not be distributed as profits to the partners.

#### **Article / 85 /**

##### **Penalties..**

1 / Partners and managers who violate the provisions of Article (56) / 7 / and / 8 / and provisions /1/ and / 2 / of Article (57) of this Legislative Decree shall be punished with the penalty prescribed for the crime of fraud.

2/ A fine of fifty thousand Syrian pounds shall be imposed on managers who violate the provisions of Articles 64, 70, 71, 71, and items 4, 7, and 9 of Article 72 of this Legislative Decree.

3 / A fine of three hundred thousand Syrian pounds shall be imposed on those who violate the provisions of Article / 60 / of this Legislative Decree in case of disposing of the shares in kind before the expiry of the period specified in the said Article.

4/ A fine of fifty thousand Syrian pounds shall be imposed on those who violate the provisions of item 9 of Article 34 of this Legislative Decree in the event that no auditor is appointed for each fiscal year.

## **Title 6**

### **Closed Joint Stock Company**

#### **Article / 86 /**

#### **Closed Joint Stock Company ..**

1/ A public closed joint stock company shall consist of a number of shareholders no fewer than ten and its capital shall be divided into shares of equal value tradable and listed on the stock markets. The shareholder shall be liable only to the extent of the nominal value of his share in the capital of the company.

2/ A private joint stock company shall consist of a number of shareholders no fewer than three and its capital shall be divided into shares of equal value. The shareholder shall be liable only to the extent of the nominal value of his share in the capital of the company.

#### **Article / 87 /**

#### **Commercial Capacity**

A closed joint stock company, whatever its objective, shall be considered a commercial company subject to the Commercial Law.

#### **Article / 88 /**

#### **The Company's name..**

1/ The Company shall not be registered in the name of a natural person unless the objective thereof is the exploitation of a patent registered in the name of the said person.

2 / The name of the company should be followed by the phrase /private or public joint stock company/.

3/ In addition to the data that companies must include in their publications, advertisements and contracts, the closed joint stock company must include its capital in these papers.

4 / The Court may hold the members of the Board of Directors or the persons entrusted to represent it responsible in their own funds and jointly for the obligations and debts of the Company towards third parties who have made contracts with the Company without showing the legal form of the Company or its capital due to the breach of the provisions of the two preceding paragraphs.

#### **Article / 89 /**

##### **The Company's Term**

1/ The term of the company shall be specified in its Articles of Association. The term may be limited or unlimited.

2 / If the company's objective is a certain work , its duration may be determined by the end of this work.

3/ The Company's term may not be judicially extended in accordance with a provision of its Articles of Association; the extension of the company's term shall be done by a decision from the extraordinary General Assembly.)

#### **Article / 90 /**

##### **The company's capital..**

1/ The capital of the closed joint stock company shall be determined in the Syrian currency unless the Ministry permits the company to specify it in another currency.

2 / If the company's capital or the number of its shareholders falls short of the minimum prescribed by law, the Ministry may grant the company a time limit of six months to rectify its status or transfer its legal form to another company. In case the company does not comply with the Ministry's request within the time limit granted, the Ministry may request the company to be liquidated judicially.

3 / The company has the right to operate its bank accounts after presenting a certified copy of its commercial register.

## **Article / 91 /**

### **Company shares ..**

1 / The company's capital shall be divided into shares of equal value.

2/ The company's shares shall be nominal.

3 / The nominal value per share is set at 100 Syrian Pounds only. All closed joint stock companies, including banks and insurance companies, shall adjust their status within two years from the date of enforcing this Legislative Decree.

4 / Subject to the restrictions on the transfer of ownership of the shares in kind, the owners of the shares in kind shall enjoy the same rights as the owners of the cash shares.

5 / All shareholders of the same class shall enjoy the same rights and be subject to the same obligations.

6 / In all cases where the Articles of Association do not explicitly stipulate a prohibition, concession shares may be issued by a decision of the extraordinary general assembly.

7 / Concession shares give their owners the right of priority either to collect lump sums or a fixed percentage of the value of their shares, in addition to the dividends of these shares or in the recovery of capital when liquidating the company or in each or any other advantage.

8 / The company's Articles of Association may stipulate the deprivation of the right of the concession shareholders to vote in the company's public bodies.

9 / The Articles of Association may provide for the conversion of concession shares into ordinary shares in accordance with the conditions prescribed by the company's Articles of Association.

10 / The Articles of Association may provide for the creation of a class of shares, whose number or percentage are specified. Only Syrians shall own such class.



11 / The Articles of Association may provide for doubling the number of votes granted for shares whose owners have retained ownership for a period of not fewer than three consecutive years.

## **Article / 92 /**

### **Settlement of the company's capital ..**

1 / The company's shares are either cash and their value shall be paid in cash at once or in installments upon subscription or in kind and shall be given in exchange for money or rights denominated in cash. Franchise rights, patents and technical knowledge, and other abstract rights shall be considered in kind and may not consist of the services or work of any person.

2 / A 40% of the nominal value of the share shall be paid upon subscription and the remaining value of the share shall be paid within a period not exceeding three years from the date of ratifying the company's Articles of Association.

3 / The value of the contribution of the resident Syrian citizens and the like shall be paid in the Syrian currency. The value of the foreign advances shall be paid in foreign currencies.

4 / The payment of the value of the cash shares must be proved by bank receipts.

5 / In-kind advances must be delivered or transferred to the Company within sixty days from the date of the announcing the establishment of the company. The Company shall not issue the shares in kind to their owners until the delivery of such advances or transfer of ownership to the Company.

6 / The subscriber owes the company the full value of the share and must pay the installments on time. In case of the subscriber is late in paying the due installments within the period specified by the Board of Directors in accordance with the Articles of Association, the Board of Directors shall have the right to sell the share in accordance with the following procedures:

A / The company shall inform the defaulted shareholder in his chosen residence with a guaranteed open card stating his name and the number of shares and their numbers. The defaulted shareholder shall be charged, throughout the card, with paying the due installments within seven days from the date on which he receives the card.

B/ If the installments are not paid by the end of this deadline, the company shall have the right to offer those shares for sale in public auction. The company must announce it in two daily newspapers at the company's headquarters at least twice.

C/ The announcement shall include the date and place of sale and the number of shares offered for auction, provided that the period separating the date of sale from the date of publication of the announcement in the two newspapers for the first time shall not be fewer than twenty days.

D/ After the expiry of the above period, the Company shall have the right to conduct the sale transaction in the auction at the time and place announced . The shares shall be sold at the highest price presented and shall be supervised by the specialized execution department.

E / The payment of the late installment shall not be accepted on the specified day for the auction.

F / All of the company's required due installments, interest and expenses shall be paid from the sale price, and the rest shall be returned to the shareholder.

G / If the price of the sale is not enough to pay the requirements of the company, the company may refer the rest to the defaulter and the former shareholders. The Company's records with respect to compulsory sales transactions shall be deemed valid unless proven otherwise.

## **Article / 93 /**

### **In-kind shares**

1/ If part of the company's capital is in-kind, the founders or the company shall attach the ratification request of the Articles of Association by a report prepared in accordance with the international evaluation standards from a Syrian accounting authority accredited by the concerned ministry including an estimate of the value of these advances. The estimate value of the in-kind advances issued by the body shall indicate that it has taken note of its responsibility with the owner of the in-kind advances for the correctness of its evaluation. In the event of a grave error, or if it knows that the estimates were wrong, the provisions of Law No. 33 of 2009 governing the profession of auditors shall be applied.

2 / Any person affected by the assessment of the in-kind advances shall be entitled to file a liability lawsuit against the founders, in-kind shareholders, persons with special benefiteres, board members, the initial auditors and the evaluator when it becomes clear that there is a deliberate increase in the evaluation of the in-kind advances.

3/ The right of limitation shall be forfeited if this lawsuit is not filed within three years from the date of the registration of this company or the registration of the Ministry's decision to ratify the amendment of its Articles of Association.

#### **Article / 94 /**

##### **The indivisibility of the share ..**

The share in the company is indivisible, but heirs may take part in the ownership of one share by virtue of succession to their testator or in the ownership of more than one share of the estate of their testator, provided that in both cases they choose one to represent them towards the company. If they fail to do so within the period specified by the Board of Directors, the Board or the Chairman of the General Assembly shall designate one of the heirs.

#### **Article / 95 /**

##### **The value of shares ..**

1 / Shares shall be issued at their nominal value and may not be issued at a lower value.

2/ The Extraordinary General Assembly of the Company shall, subject to the provisions of paragraph / 3 / of Article / 91, decide to amend the nominal value of the share by merging the shares when it issues a new share against a number of old shares or by dividing the shares upon issuing a number of new shares against an old stock after obtaining the approval of the Securities Commission if the company is a public joint stock company. The value of the stock or shares resulting from the merger or division must always be equal to the value of the stock or shares before they are made.

3 / The Extraordinary General Assembly have the right to decide on an issuance bonus determined in accordance with the international evaluation standards and the provisions issued by the Securities Commission for this purpose.

## **Article / 96 /**

### **Preventing stock trading ..**

1 / The shares of the founders may not be exchanged for cash or in kind before the expiry of three years from the date of the company's registration .

2/ The shares of the Board of Directors may not be traded before the expiry of six months from the date of expiry of the membership of the Board.

3 / In case of increasing the company's capital by creating new shares in kind, it is not allowed to trade these shares until three years after the date of the issuance of the ministerial decision to ratify the increase.

4 / A Foreclosure mark shall be placed in the company's records in case there is a reason that prevents the trading of shares according to the provisions of this Article. The company shall automatically stop these marks at the expiry of the specified period unless a judicial decision stipulates that they should be retained to fulfill the rights included in these marks.

5 / The ban on the transfer of shares pursuant to the provisions of this article shall not apply to shares of joint stock companies owned by public authorities.

6 / Shares are transferred by way of inheritance to the heirs, burdened with a Foreclosure mark.

7 / The prohibition on trading shares in accordance with the provisions of this Article shall not apply when a judicial decision is issued to transfer the ownership of foreclosed shares when the company has been litigated in the lawsuit. In this case, the ownership of these shares is transferred with the signs of Foreclosure recorded in its registry sheet.

## **Article / 97 /**

### **Purchase and depreciation of the company's shares.**

1 / The public closed joint stock company may buy and sell its shares in accordance with the rules and provisions issued by the Securities Commission in this regard. Shares, owned by the company and not subscribed to, shall not be taken into consideration for the availability of a quorum and taking decisions in the meetings of public bodies.

2 / The company's Articles of Association may provide for the depreciation of its shares by Lot if its project is gradually depreciated or related to the investment of a public utility granted for a specified period.

3 / The company grants holders of depreciated shares what is called possession shares.

4 / Owners of the possession shares benefit from all the rights that the owners of ordinary shares have, except for the recovery of the nominal value of the share when liquidating the company.

## **Article / 98 /**

### **Establishment of a closed joint stock company ..**

1 / The number of founders shall not be fewer than three and they shall form a committee of founders amongst themselves.

2 / The founders shall submit their application for ratifying the Articles of Association of the closed joint stock company to the Ministry with a copy after approval and after the payment of the due fees and the ratification of their signatures by the Notary public or by any authority specified by the Minister.

3 / The application for establishment may be submitted by one person on behalf of the Founders Committee under an official power of attorney organized in his favor.

4 / The request of the founders to ratify the Articles of Association of the closed joint stock company includes the following information:

A/ The names of the founders, their nationalities and their chosen domicile.

B/ The company's capital, the number of shares that the founders will subscribe upon establishment, the number of shares to be offered to the public subscription and the subscription period.

C/ The name, duration, purpose, head office and chosen headquarter of the company.

D/ A statement of the in-kind advances in the capital, if any, and the name of the founder who provided them. The in-kind share evaluation report must be attached to the ratification request.

E/ The person or persons authorized to sign the Articles of Association and to follow up the procedures of establishment /Committee of Founders/, who shall convene the Constituent General Assembly on behalf of the Company and its management until its final establishment and the election of the first Board of Directors.

F/ The name of the auditor chosen by the founders for the establishment stage.

5/ The company's Articles of Association must include the following information:

A/ The name, duration, purpose and head office of the company.

B/ Declared capital.

C / how to manage the company and the number of board members and the term of its mandate and their powers, especially in borrowing and selling the assets of the company and mortgage and disposal, and assignment of its projects and licenses and privileges granted to them and the provision of guarantees.

D / Organizing the company's accounts and how to distribute profits and losses.

6 / The Articles of Association may include provisions that do not contradict the laws and regulations in force.

## **Article / 99 /**

### **Ratification of the company's Articles of Association and approval of shares Introduction.**

1/ The Ministry shall issue its decision to ratify the company's Articles of Association or its amendments within thirty days from the date of receiving the application. The Ministry shall have the right to refuse to ratify the Company's Articles of Association or amendments thereto if it is found that this Articles of Association contains violations of the laws and regulations in force and the founders or the company did not remove the violation within the period specified by the Ministry. The founding committee or the company has the right to object on the refusal decision within a period of thirty days from the date of receiving the ministry's decision. In case the Minister rejects the objection, the founders or the company may appeal the Minister's decision to the

Administrative Court, which shall decide the objection within thirty days from the date of completing the litigation in the case by a final decision.

2 / After publishing the ministerial decision exclusively to ratify the company's Articles of Association, the founders shall obtain the approval of the Securities Commission regarding introducing the company's shares to the public subscription in accordance with the procedures and provisions stipulated in the regulations issued by the Authority in this regard.

3 / After covering the capital offered for subscription and the announcement of the Constituent General Assembly to establish the company and the election of the first board of directors and the appointment of persons authorized to represent the company, the Board of Directors or any of its members shall deposit the ratified Articles of Association and the approval of the Securities Commission to put the shares to the public subscription, the nomination documents of the members of the Board of Directors, the Chairman of the Board of Directors and his deputy, the name of any person who has the power to represent the company, the name of the auditor and the documents notifying the payment of the capital and any notice of handing over or transferring ownership or remuneration of in kind shares and a statement from the Chairman and members of the Board of Directors that there are no reasons that prevent them from holding this position and a notice of publication in the Official gazette with the Trade Registry Secretariat within thirty days from the date of the decision of the Constituent General Assembly to announce the establishment of the company once and for all. Commerce Registry Secretary on the record in this case shall register the closed Joint Stock Company in his records and publication of the company's registration certificate data exclusively in the official gazette.

4 / Any member of the Board of Directors has the right to submit the application to the Ministry for ratification of the Articles of Association including the amendments approved by the extraordinary general assembly.

## **Article / 100 /**

### **Company's Shares Subscription**

Subject to the provisions of special laws.

1 / The founders may cover the entire value of the shares alone without offering them to the public subscription. In this case, the company shall be / a private closed joint stock company. /

2 / They may subscribe to a portion of the shares not less than 10% and not more than 75% of the total capital of the company and put the rest for public subscription and the company in this case is a / public closed joint stock company /. A natural person who is a founder or shareholder may not subscribe for more than 10% of company's capital.

3 / The founders shall pay at least 40% of the value of the shares they subscribed to after ratifying the company's Articles of Association and providing the Ministry with what proves this .

4 / Founders are prohibited from subscribing in the shares offered for public subscription during the first period of subscription.

5 / If one of the founders did not pay the value of the shares he subscribed upon establishment and did not comply with the excuses addressed to him of paying it within ten days from the date of notification, other founders may request to cover the value of unpaid shares or revoke the establishment of the company.

6 / The provisions relating to the private closed joint stock company shall be issued by a decision of the Minister.

## **Article / 101 /**

### **Capital increase..**

1 / The closed joint stock company may, by a decision of the extraordinary general assembly, increase its capital if it has been paid in full. This decision shall be subject to the approval of the Ministry and the approval of the Securities Commission if the company is a public joint stock company.

2 / The closed Joint Stock Company shall increase its capital in one of the following methods:

A/ Offering new shares for subscription to the shareholders or to the public.

B/ Adding the optional reserve, part of it, accumulated retained earnings, part or all of them to the company's capital.



C/ Converting the convertible bonds into shares in accordance with the provisions of this Legislative Decree.

D / Merging with another company.

3 / The shareholder shall have the right of preference to subscribe in the new shares in practice or sale in accordance with the instructions issued by the Securities Commission despite any contrary provision in the Articles of Association.

4 / The date of the shareholders' acquisition of the right of preference to subscribe for the increased shares shall be determined at the end of the fifteenth day from the date of the decision of the Securities Commission deputies to approve the company's offering of the capital increase shares and approve the prospectus of issuance.

5 / The new shares shall be issued at a nominal value equivalent to the original nominal value. However, the extraordinary general assembly may decide to add a bonus issue to the nominal value of the share. In this case, the difference between the nominal value and the issue value is considered as gains in the reserve.

6 / The Board of Directors shall publish a statement in at least two daily newspapers informing the shareholders of their priority in the subscription, the date of its opening and closing and the value of the subscribed shares is paid.

7 / The company shall, upon taking a decision from the General Assembly to increase its capital or amend its Articles of Association, apply the decision within six months, from the date of ratification by the Ministry on the decision of the General Assembly for private closed joint stock companies, and one year for public closed joint stock companies. The decision shall be null and void after this period.

## **Article / 102 /**

### **Increasing the capital by issuing shares in kind ..**

If the extraordinary general assembly of the company decides to increase the capital by issuing new shares in kind, the assets stipulated in respect of the issued shares in kind shall be followed upon establishment. The ordinary

general assembly shall then perform the functions of the constituent general assembly

#### **Article / 103 /**

##### **Capital reduction ..**

1 / If the losses of the company exceed half of its capital, the board of directors shall invite the extraordinary general assembly to meet to decide whether to cover the loss or reduce the company's capital by at least the legal minimum or dissolve the company and liquidating it.

2 / If the Board of Directors neglects to hold the aforementioned General Assembly or if it is not convened due to lack of quorum, or if this body rejects the dissolution of the company, each shareholder and the Ministry may apply to the judiciary to approve the dissolution and liquidation of the company.

3 / The losses of the company, whatever they reach, shall not be covered from result of revaluation of company assets difference.

4 / If it is found that there is a surplus of the company's need in its capital, the Board of Directors may submit this to the extraordinary general assembly to take the decision to reduce the company's capital provided that the reduction does not lead to less than the legally prescribed minimum for its capital.

#### **Article / 104 /**

##### **Capital Reduction Methods**

The capital shall be reduced either by reducing the value of the shares either by canceling part of the paid price equivalent to the amount of the loss in case of a loss in the company while taking into account the minimum share value specified in this Legislative Decree, or by returning part of the capital if the company deems that its capital exceeds its need or depreciation of the company's shares.

#### **Article / 105 /**

##### **Capital Reduction Procedures**

1 / The Board of Directors shall attach the application for ratifying the amendment of the company's Articles of Association, which include the reduction of its capital, submitted to the Ministry by a list issued by the auditor,

which includes the names of the creditors of the company and the amount of each debt and their addresses and a certificate issued by the auditor stating that the reduction of the capital does not affect the rights of creditors.

2/ The company shall publish the reduction decision along with the list of creditors in the Official Gazette and two daily newspapers for at least two times.

3/ Creditors whose total debt is not less than 10% of the company's debts, as stated in the auditor's report, shall have the right to file the case before the specialized court at the company's headquarters or its chosen domicile within thirty days from the date of announcing the reduction in the newspapers for the last time, and this is in order to override the reduction decision that would harm their interests. The month period does not apply to creditors who are not named in the announcement.

4 / The Court may decide to suspend the reduction decision until the case is decided by a decision made in the chamber of study and characterized by expedited enforcement.

5/ The court shall hear the case promptly and shall hold its sessions every 72 hours at most.

6 / The decision of the Appeal Court issued in the case shall be final.

#### **Article / 106 /**

#### **Ratification of capital reduction ..**

If the Ministry is not notified of suspending the decision of capital reduction as mentioned above within forty-five days from the date of publishing the reduction decision in the newspapers for the last time, and if the amendment does not violate the Articles of Association or this Legislative Decree, the Ministry has ratified it.

#### **Article / 107 /**

#### **Shares Coverage**

The public closed joint stock company shall put its shares on the public subscription in accordance with the Securities, regulations and instructions issued pursuant thereto.

## **Article / 108 /**

### **Announcement of Offering Shares for Public Subscription**

1/ When the company's shares are offered for public subscription, such announcement shall be published in two daily newspapers for at least two times at least ten days before the subscription date.

2 / The announcement should contain the following information:

A/ Name of the company.

B/ The purpose of the company, its capital, the type of shares, the number of shares offered for subscription, the nominal value of the share and the issuance pay-raise (if any).

C/ In-kind payments, if any, and the value of such payments, based on the evaluation report.

D/ The date of subscription commencement, the period of subscription and the body that is subscribed for. The subscription period shall not be fewer than twenty days and shall not exceed ninety days.

E/ The possibility of obtaining a copy of the company's Articles of Association and a copy of the prospectus of issuance to the body that has been subscribed for.

F/ The number and date of the Securities Commission's approval of offering the shares for the public subscription

## **Article / 109 /**

### **Prospectus of Issuance..**

Upon placing its shares on the public subscription, the Company shall provide subscribers a free of charge prospectus approved by the Securities Commission.

## **Article / 110 /**

### **Subscription on shares ..**

1/ Subject to the provisions of Article 107 of this Legislative Decree, the shares of closed joint stock companies shall be subscribed upon in one or more banks,

and the value of the subscribed shares shall be paid in the bank and shall be credited to the company's account.

2/ This subscription shall be a document containing:

A/ Name of subscriber and number of shares subscribed.

B/ Subscriber acceptance of the company's Articles of Association.

C/ The domicile chosen by the subscriber to be in Syria.

D/ All other necessary information.

3 / The subscriber shall submit the subscription document to the body for which he or his representative has signed it and pay the value of the shares subscribed for by a receipt.

4 / The receipt shall include the name of the subscriber, his chosen domicile, the date of subscription, the number of shares, the amount paid and acknowledgment of receiving a copy of the company's Articles of Association and other necessary data.

5 / After completing this transaction, the subscriber shall not be entitled to revoke his subscription.

#### **Article / 111 /**

##### **Selected domicile for shareholders ..**

The domicile chosen by each shareholder shall be deemed to be a chosen domicile valid for notification in every matter related to the company. The shareholder may change this residence by a letter registered with the company, provided that it is in Syria.

#### **Article / 112 /**

##### **Subscription obstructions..**

1/ If the entire offered shares are not subscribed, the founders may subscribe to the remaining shares or allow the cover underwriter or brokerage firms operating in the securities field to cover these shares, within a period of fifteen days from the expiry date of the subscription.

2/ If all the shares offered are not subscribed in accordance with the provisions of the first paragraph of this Article and the number of shareholders is at least twenty five shareholders and the subscribed capital is not less than 75% of the capital / offered / and not less than the minimum specified as stipulated in Article / 223/1 of this Legislative Decree, the Company shall be deemed to be an enterprise with subscribed capital provided that the Constituent General Assembly approves it.

3 / In case the initial subscription period expires and none of the provisions of the previous two paragraphs have been fulfilled, the subscription date may be extended with the approval of the Ministry and the Securities Commission for a period not exceeding ninety days from the date of such approval. If the subscription is not completed by three quarters of the shares at the end of the new date and the value of the subscribed shares is less than the minimum limit specified in Article 223/1 of this Legislative Decree, the founders shall revoke the establishment.

4 / If the Constituent General Assembly does not approve the establishment of the company definitively or in case of renunciation of the establishment, the Founders Committee shall, within twenty-one days from the date of expiry of the subscription or from the date of the non-approval of the constituent general assembly to incorporate the company, submit a request to the Ministry to abolish the decision to ratify the Articles of Association. In this case, the Ministry shall notify the parties that have been subscribed , for the decision of abolishment and if the founding committee does not submit a request for abolishing the ratification decision within the aforementioned period, they shall pay interest on the subscription amounts at the legally permitted maximum rate as of the expiry of this period.

5 / Bodies that have been subscribed for after being notified the decision of abolishment must return the amounts paid by subscribers to their owners in full under the subscription receipts.

6 / The applicant of in-kind shares may request to re-register the in kind contributions on his name based on the Ministry's decision to reverse the ratification decision.

## **Article / 113 /**

### **Subscription exceeds the number of shares offered ..**

If it is found that the subscription has exceeded the number of offered shares, these shares shall be distributed as a fine among the subscribers provided that the subscribers shall be taken into account if in a small number.

## **Article / 114 /**

### **Allocation of Shares**

1/ The founding committee or the board of directors of the company shall allocate the subscribed shares within thirty days from the expiry date of the subscription period and shall be jointly responsible for the validity of the allocation process.

2/ Within thirty days from the date of issuing the allocation decision, the founders committee or the board of directors shall send a registered letter to each subscriber at his chosen address containing a notice of the number of shares allocated to him.

3 / The First Board of Directors shall issue temporary bonds with the amounts paid and return the surplus amounts of the shares allocated to the subscribers to their owners within a period of sixty days from the date of the registration of the company.

4 / If the members of the Board of Directors fail to refund the surplus of the value of the shares allocated to subscribers within the time limits specified in this Article, they shall be entitled to pay interest on the amounts to be refunded at the maximum rate permitted by law, as of the first day following the expiry of the deadline for refund.

5 / The founders, the board of directors and the parties that have been subscribed for shall be jointly liable for the full reimbursement of the subscribed amounts upon their due date .

6 / The founders shall bear all the expenses of the company`s incorporation if it is not established.

## **Article / 115 /**

### **Informing the Ministry and the Securities Commission of the subscription results ..**

The Founders Committee or the Board of Directors shall provide the Ministry and the Securities Commission, within a period not exceeding thirty days from the date of allocation, with a table including the names of subscribers, the number of shares in which each subscribed, and the number of shares allocated to them.

## **Article / 116 /**

### **Shares certificates ..**

1 / The shareholder shall be given a full nominal certificate after paying the full value of the subscribed share(s) including the following data:

A/ Name of the company, its capital and its commercial registration number.

B/ The nominal share value.

C/ Shareholder name and number.

D/ The number of shares included in the certificate.

E / certificate number.

F / Signatures of authorized signatories.

2 / The Articles of Association shall determine the procedures for the replacement of certificates in case of loss, damage or theft.

## **Article / 117 /**

### **Shareholders Register ..**

1 / The closed joint stock company shall keep a special register for the shareholders in which the following data shall be recorded:

A/ The shareholder's name, number, nationality and the chosen domicile for notification.

B/ The number of shares held by the shareholder and their class.



C/ The sale, donation, attachment, mortgage or other restrictions or occurrences of the shareholder's shares.

D/ Any other data the Board of Directors decides to record in the register.

2 / The Board of Directors of the Company shall be responsible for this record and for the correctness of the data included therein.

3 / Each shareholder in the company has the right to access the information related to him contained in this register himself or through his representative who is authorized in writing by the shareholder.

4 / No action, attachment or mortgage shall be deemed effective against the Company, the shareholders or others unless it is recorded in the Company's register. Possession of the share shall not be deemed as a proof that there is right of the holder unless the right is recorded in the company's register.

5 / The company's funds may not be attached to meet debts arising from of one of the shareholders. However, attaching the shares of the indebted and their profits is permissible. The attachment mark shall be placed on the register of shares in its record and the decision shall be executed on the shares reserved for sale in the stock market. In the absence of this market, the shares shall be auctioned.

6/ Due profits of the mortgaged or attached shares shall be paid to the share owner unless the mortgage deed or the attachment decision provides otherwise.

7 / The right to vote regarding mortgaged or attached shall remain for the share owner registered in the company's records.

8 / The entries in the Company's records shall be deemed valid until proven otherwise by claims of forgery under a final decision.

9 / The person responsible for the register who record any entries in the register contrary to reality shall be punished with the crime of forgery.

10 / The articles of association may stipulate that the company's records are digital or stored by electronic means.

11 / The Company may deposit a copy of its shareholders' records with any other body for the purpose of trading its shares on the Stock Exchange. This

body shall be authorized to maintain and organize such records and shall be responsible for this record and for the validity of the data included therein.

12 / The public joint stock company shall be subject to the listing of its shares at the Securities Exchange Market in accordance with the provisions of the Securities and Exchange Market Laws and the regulations and instructions issued pursuant thereto.

13/ The private closed joint stock company may list and trade through the bonds of the loan in the market in accordance with the instructions and regulations issued by the Securities Commission in this regard.

14/ The Securities Commission may issue instructions and regulations pertaining to the shares trading of private closed joint stock companies and listing them in the Securities Exchange Market.

## **Article / 118 /**

### **Stock Disposals:**

1/ The Company's articles of association shall determine the procedures to be followed for the disposal of shares and for placing signs of mortgage and attachment thereof.

2 / The mortgagor person must deliver the pledged stock to the mortgagee.

3 / The pledged share shall, once registered in the company register, entitle the mortgagee to collect his debt from the value of the pledged shares.

4 / Any action on a pledged, seized or attached stock shall not be considered effective unless the attachment mark has been ceased or the rights guaranteed therein have been fulfilled.

5 / The pledged, seized or attached shares shall not be traded.

6 / The provisions, rules and procedures in force in the Securities Exchange market in which the shares of a closed joint stock company are listed shall apply to its shares trading. These provisions, rules and procedures shall have a priority to be applied to the provisions of the shares ownership transfer of the company stipulated in the articles of association and comply with the provisions of this legislative decree.

## **Article No. / 119 /**

### **Prohibitions on public bodies:**

1 / The General Assembly of Shareholders shall not, under penalty of annulment:

A/ Increase the shareholder financial liability to the extent exceeding the nominal share value paid by him.

B/ Decrease the percentage of the net profits to be distributed to the shareholders specified in the company's articles of association.

C/ Imposing new conditions not mentioned in the articles of association regarding the eligibility of the shareholder to attend and vote in the General Assembly.

D/ Restrict the right to file a lawsuit against all members of the Board of Directors or one of them to claim compensation for the damage caused to the shareholders' shares in accordance with the provisions of this Legislative Decree.

2 / However, these provisions may be bypassed by the written acceptance of all the shareholders or by a vote issued unanimously in which all the shareholders of the Company shall participate in the Extraordinary General Assembly.

## **Article / 120 /**

### **Shareholder rights ..**

The shareholder in particular shall enjoy the following rights:

1 / Receiving the profits and benefits that are allocated to be distributed to the shareholders.

2 / Collecting a share of the entire assets of the company including the capital when liquidating the company.

3 / Participating and contributing to the work of public bodies.

4 / Obtaining a certificate of shares owned legally .

5 / Selling his shares, donating, and pledging them subject to the relevant provisions mentioned in the company's articles of association.

6 / The right to file a lawsuit invalidating any decision taken by the General Assembly or the Board of Directors contrary to the provisions of this Legislative Decree or the Company's articles of association in accordance with the conditions mentioned in this Legislative Decree.

7 / Right of access to the books of the company.

8 / The right to obtain a printed booklet containing:

A / Budget of the last accounting term.

B/ Profits and Losses Account.

C/ Board of Directors report.

D/ Auditors' report.

9 / The right to request public bodies to meet in accordance with the conditions mentioned in this Legislative Decree.

10 / The right to request the addition of topics for discussion not mentioned in the agenda set by the Board of Directors in accordance with the conditions mentioned in this Legislative Decree.

## **Article / 121 /**

### **Loan Bonds ..**

1 / Closed Joint stock companies are entitled to issue bonds of the loan.

2 / Bonds are securities of one nominal value, tradable yet indivisible, issued by the Company for a loan under which the Company undertakes to repay the loan and its interest on the terms of the issue.

3 / The bonds shall be offered in accordance with the provisions of this Legislative Decree and the Securities Commission Law by means of an invitation for subscription addressed to the public after obtaining the approval of the Securities Commission.

4 / Bonds may be offered at their nominal value, at a discount or at a bonus. In all cases, the value of the bond shall be recorded in the company's register at its nominal value.

5 / The bonds shall be issued in Syrian currency or in foreign currency after obtaining the approval of the Ministry.

#### **Article / 122 /**

##### **The Essential Nature of the bonds of the loan?**

The bonds give the owner the right to collect certain interest to be paid within certain periods and to recover the amount of his debt from the company's money.

#### **Article / 123 /**

##### **The conditions of issuing bonds of loan ..**

The issuance of bonds depends on the completion of the following conditions..

1/ The company's capital must be paid in full.

2/ The loan shall not exceed the company's capital.

3 / The company must obtain the approval of the General Assembly when issuing ordinary loan bonds and obtain the approval of the extraordinary general assembly when the issuance of bonds convertible into shares and this approval is considered as an approval to increase the company's capital.

4 / Obtaining the approval of the Ministry and the approval of the Securities Commission.

#### **Article / 124 /**

##### **Announcement of the loan bonds ..**

The board of directors of the company shall announce the subscription of the loan in two daily newspapers for at least two times. The announcement shall include the date of the ordinary or extraordinary general assembly decision to approve the issue, with reference to the number of bonds to be issued, their nominal value, any deductions or bonuses, the rate of interest, the date of payment, conditions and guarantees, the number of bonds issued previously by the company with their guarantees, the amount of the company's capital, whether the bonds are transferable, the value of the in-kind contributions, the results of the last certified budget and the number and date of the Securities Commission Approval.

## **Article 125 /**

### **Record of Loan Bonds ..**

The bonds shall be registered in the names of their owners, and the transactions carried out therein shall be recorded in the register of the issuing company or with the custodian body of these records. Such bonds shall be tradable in the securities markets if listed therein and in accordance with the market rules governing their trading and the rules and conditions set by the Securities Commission.

## **Article / 126 /**

### **Subscription on Loan Bonds**

1 / The value of the loan bond shall be paid as a lump sum upon subscription.

2 / The Board of Directors may be sufficient with the subscribed bonds value if all the issued bonds are not covered within the prescribed period.

3/ Subject to the provisions of Article / 123/2, if the subscription exceeds the number of bonds offered, these bonds shall distribute a fine among the subscribers provided that the subscribers' side shall be taken into account in a small number.

## **Article / 127 /**

### **Loan bonds data ..**

The bond should contain the following data.

1/ The name, address, record number, date and duration of the borrower company.

2 / Name of the bond holder.

3 / Number of the bond, its type, nominal value, duration and interest rate.

4 / The total value of the bonds issued.

5 / Dates and conditions of amortizing the bonds and the maturity dates of interest.

6/ Special guarantees of the debt represented by the bond, if any.

Any other terms and conditions decided by the Securities Commission must be listed or any conditions that the borrower company deems to be added to the bond provided that these additions comply with the terms of the issuance.

#### **Article / 128 /**

##### **Loan Bonds Guarantees**

If the loan bonds are guaranteed, then these guarantees must be provided before starting to subscribe on the loan bonds.

#### **Article / 129 /**

##### **Convertible loan bonds ..**

Subject to the conditions stipulated for the issuance of the bonds, the company may issue bonds convertible into shares in accordance with the following provisions..

1 / The decision of the extraordinary general assembly should include all the rules and conditions on which the bonds are converted into shares.

2 / The owner of the bond expresses a desire to transfer at the dates provided for in the conditions of the issuance. If the bond owner does not express his desire during this period, he loses his right to transfer.

#### **Article / 130 /**

##### **Bond value fulfillment ..**

1 / The value of the bonds shall be fulfilled by the company in accordance with the conditions set upon issuance.

2 / The company may not submit or delay the payment date without the approval of the bondholders' association.

#### **Article / 131 /**

##### **Association of bondholders ..**

1 / The association of bondholders shall be duly formed at each issuance.

2 / The decisions of this association shall apply to absentees and to present violators.

## **Article / 132 /**

### **Association of bondholders' meetings and its powers ..**

1 / The bondholders' association shall meet for the first time upon the invitation of the Board of Directors of the issuing company.

2/ The Board of Directors of the Company shall, within fifteen days from the closing date of the subscription, issue an invitation to the association to meet.

3/ The agenda of this meeting shall include the approval of the association's Memorandum of association and the election of its representatives.

4 / Association of bondholder representatives have the right to attend public bodies and participate in discussions without having the right to vote. The Company shall extend an invitation to them to attend the meeting in accordance with the procedures followed in inviting the shareholders of the Company.

5 / Representatives of the association shall have the right to take all precautionary measures to protect the rights of the bondholders.

## **Article / 133 /**

### **Invitation to the meetings of the bondholders' association.**

1/ The association shall hold its meetings at the invitation of its representatives.

2/ The representative must issue invitation to the meeting when a group of bondholders representing 10% of its value requests such.

3 / This association shall also meet at the invitation of the Board of Directors of the Company.

4/ The bondholders Association shall be called in accordance with the rules prescribed for the invitation of the Ordinary General Assembly. The same provisions shall apply to the invitation and its meetings.

## **Article No. / 134 /**

### **Violation of issuance conditions ..**

Any action that violates the terms of the bond issuance shall be null and void unless approved by the bondholders' association by a majority of three quarters of their votes represented at the meeting, provided that the bonds represented at



the meeting are not less than three quarters of the total value of the subscribed bonds. The approval of the association to act in accordance with the aforementioned shall not preclude prosecuting those who violate the conditions of issuance in accordance with the laws in force.

#### **Article / 135 /**

##### **Invitation to convene the general assembly of the company ..**

1 / The founders committee shall, within thirty days from the date of the allocation decision, invite the subscribers to the company's general assembly. The date of the session for this body shall be within thirty days from the date of invitation.

2 / If the Founders Committee does not send this invitation on that date, each subscriber shall have the right to refer to the Ministry for issuing such invitation.

3/ The Founders Committee shall elect one of them to chair the session of the Constituent General Assembly.

#### **Article / 136 /**

##### **Constituent General Assembly Meeting ..**

1 / The procedures of invitation and quorum shall be applied to the meeting of the constituent general assembly and taking the decisions that are applied to the ordinary general assembly meetings of the company.

2 / Subscribers who have submitted in kind shares shall not have the right to vote on decisions related to their shares in kind.

3 / The task of the founders of the joint stock company and its powers shall expire immediately upon the election of the first board of directors of the company, and they must hand over all the company's documents to this board.

#### **Article / 137 /**

##### **Powers of the Constituent General Assembly ..**

1 / The Constituent General Assembly shall consider the report of the founders, which shall include sufficient information on all the founding operations along

with the supporting documents. It shall then verify the validity of such information and its compliance with the Law and the articles of association of the Company, and shall ratify the report before the Company's establishment is finally announced.

2/ The Commission shall discuss the establishment expenses audited by the auditor appointed by the Founders Committee and take the appropriate decisions thereon.

3 / The Commission shall examine the contracts and actions made during the period of establishment and take the appropriate decisions thereon.

4 / The Commission shall examine the in kind shares and take the appropriate decisions thereon.

5. The Commission shall elect the first Board of Directors and the auditors.

6 / And then, the commission announces that the company is finally established.

#### **Article / 138 /**

##### **Objection to the establishment expenses ..**

1 / In the event that shareholders holding at least 10% of the shares represented at the meeting of the company's general assembly object to the expenses of establishment or contracts and current transactions during the period of establishment, such shareholders may file a lawsuit before the specialized court. This lawsuit does not affect the continuation of the company's operations.

2 / This case shall be dropped after three years from the date of the company's registration .

#### **Article / 139 /**

##### **Board of Directors..**

1 / The management of a closed joint stock company shall be undertaken by a board of directors no fewer than three members in the private closed joint stock company and five in the public closed joint stock company. In all cases, it shall not exceed thirteen as determined by the Company's articles of association. The members of the Board are elected by the general assembly of the company. The

member may be a legal person represented by one or more natural persons whom he nominates for this purpose.

2 / The company's articles of association may provide for the election of a number of non-shareholding board members provided that their percentage does not exceed one third of the number of the members of the Board.

3 / The chairman or his deputy may assume the position of general manager in the private closed joint stock company.

4 / The legal person who has nominated his representative in the board of directors has the right to change his representative by a letter issued by the legal person. Such change shall not be effective against the Company or the third party until registered in the register.

5 / The term of office of the Council shall be four years unless the articles of association specify a shorter term.

6 / The Board of Directors shall invite the general assembly of the company to meet during the last ninety days of its term to elect a new board of directors in its place and to continue its work until the new board is elected. If the election is delayed for any reason, it shall be stipulated that the delay in any case shall not exceed ninety days from the date of expiry of the term of the existing board.

7 / Outgoing members may be re-elected.

8 / The person, elected to the board of directors of the closed joint stock company and who was an absentee at the time of his election, shall announce his acceptance or rejection within ten days from the date of notification of the result of the election. Silence is an acceptance of membership.

## **Article / 140 /**

### **Possibility to appoint a board member ..**

The articles of association may stipulate that the shareholder or shareholders having at least 10% of the shares of the company shall be entitled to appoint one or more members of the board of directors in proportion to their shares, provided that the number of such members shall be deducted from the total members of the board of directors, and not to interfere in the election of the

remaining members and any fractions are neglected when calculating the number of members of the board, which the shareholder is entitled to request their appointment in accordance with the above.

#### **Article / 141 /**

##### **Nationality of Board Members**

Subject to the provisions of special laws.

1 / The majority of the members of the board shall be of the Syrian Arab nationality.

2 / The Ministry may reduce the aforementioned percentage if the percentage of foreigners' contribution to the company's capital exceeds 65 percent provided that the percentage of foreigners in the board of directors does not exceed the percentage of their contribution to the company's capital.

#### **Article / 142 /**

##### **Terms of Membership of the Board of Directors ..**

A member of the Board of Directors is required that..

1 / He must be of legal age and enjoy his civil rights.

2 / He shall not be convicted of any criminal penalty or any of the crimes that violate honor and honesty.

3/ The member of the Board in his personal capacity or as a representative of the legal person shall not be a member of the board of directors of more than five joint stock companies to which the provisions of this Legislative Decree apply.

4/ He shall not be a worker in the State unless the member of the Board of Directors is a representative of a public authority.

5 / The availability of membership conditions shall be proved by a clearance signed by each member and duly certified legal record. The member of the board of directors and the chairman shall submit this clearance to the company during the first month of each year.

## **Article / 143 /**

### **The conditions fulfilled by Chairman of the Board of Directors ..**

The Chairman of the Board of Directors shall not, in his personal capacity or as a representative of the legal person, be the Chairman of the Board of Directors of more than two joint-stock companies to which the provisions of this Legislative Decree apply.

## **Article / 144 /**

### **Warranty shares ..**

1/ The company's article of association shall determine the number of shares that a member of the board of directors must possess to qualify him for membership of the board. In this case, it is not necessary to own this number of shares at the time of the election, but this quorum may be completed within thirty days from the election day. Otherwise membership shall be inevitably forfeited.

2 / These shares shall be kept with the company against a receipt and shall be marked with foreclosure. This foreclosure mark shall be for the interest of the company and to ensure the board's responsibilities. This shall be referred to in the register of shares held by the Company.

## **Article / 145 /**

### **Powers of the Board of Directors ..**

1/ The Board of Directors shall have wide powers and authority to carry out all the work required to conduct the business of the Company in accordance with its objectives. These powers shall not be limited to the extent stipulated in this Legislative Decree or in the Company's article of association.

2/ The board must comply with the directives of the General Assembly and not violate its decisions.

3 / The article of association shall specify the limits and conditions allowed by the Board of Directors to borrow, sell and mortgage the assets of the company, dispose of them, assign their projects and the licenses and privileges granted to them and provide guarantees.

## **Article / 146 /**

### **Positions in the Board of Directors ..**

1/ The board of directors shall meet at the company's main office within seven days of its election and shall elect by secret ballot a chairman and a deputy-chairman, and inform the ministry thereof.

2/ If the Company's article of association do not specify a term for the Chairman and the Deputy Chairman, their election shall be for the period prescribed for the Board of Directors.

3/ The Board of Directors may distribute the work among all its members according to the nature of the Company's business. It may also delegate one or more members or committees from among its members to conduct specific business or supervise any aspect of the company's activities.

4/ The results of the election of the chairman, his deputy, the executives authorized managers to sign and the chief executive officer and any amendment to the composition of the Board of Directors or to the company's executive directors or the chief executive officers or their powers shall be notified to the Ministry, which communicates to the Secretariat of the Registry to be registered.

## **Article / 147 /**

### **Executives and their president..**

1 / When deemed appropriate, the Board of Directors may appoint one or more Executive Directors and a Chief Executive officer of the Company who shall have the right to sign for the Company jointly or individually as authorized by the Board of Directors. The board of directors have the right to displace any of them by a decision issued by the board.

2 / The Board of Directors shall determine the remuneration of the Executive Directors and the Chief Executive Officers.

3 / The CEO or the Executive officer may not be a manager or employee of another company.

4 / Contrary to any legal provision in force, no member of the Board of Directors may serve as an Executive Director or Chief Executive Officer, or take any paid job or remuneration in the public joint stock company.

#### **Article / 148 /**

##### **Representation of the company ..**

1 / The Chairman of the Board of Directors is the Chairman of the Company and represents it in front of third parties, and his signature shall be considered as the signature of the board of directors in front of third parties regarding the company`s relations , unless otherwise stipulated in the Company's Regulations.

2 / The Chairman of the Board of Directors shall implement the decisions of the Board and comply with its directives.

3 / Deputy Chairman of the Board of Directors represents the Chairman in the chairman`s absence.

4 / Restrictions on the powers of authorized persons to represent or sign on behalf of the company that are registered in the register of companies shall be valid against others if there was any reference in contract or action issued by the company to its commercial registration number.

#### **Article / 149 /**

##### **Membership vacancy ..**

1 / If the position of a member of the Board of Directors becomes vacant, the Board may appoint a member for the vacant position from the shareholders whom comply with the membership conditions. Such appointment shall be submitted to the Ordinary General Assembly at its first meeting for the approval of appointment or election of another person unless the Company's article of association provide otherwise and the new member shall complete the term of his predecessor.

2 / If the vacant positions amount to a quarter of the number of members of the board, the ordinary general assembly shall be invited to meet within a maximum of ninety days from the date of the last vacancy to elect those who fill the vacant positions. The new members shall complete the term of their predecessor from the date of the last vacancy.

## **Article / 150 /**

### **Duties of the Board of Directors ..**

In addition to its duty to manage the Company and conduct its business, the Board of Directors shall, in particular:

1 / Invite the general bodies of the company to convene in accordance with the provisions of the article of association or this Legislative Decree.

2 / Setting the bylaw of the company to organize financial, accounting and administrative matters.

3 / Adopt the company's disclosure policy and follow up its execution in accordance with the requirements of the disclosure instructions issued by the Securities Commission.

4 / Prepare the annual general budget of the company and the statement of profit and loss and the statement of cash flows and the notes thereon compared to the previous financial year all certified by the company's auditor. In addition to the annual report of the Board of Directors on the company's activities during the past year and future prospects for the coming year, indicating the company's ability to continue to carry out the activities specified for it in the article of association, with the supporting assumptions or justifications and explanation for the calculation of profits and losses and a proposal to distribute profits within a period not exceeding one hundred and twenty days from the end of the last fiscal year.

5 / Making decisions regarding opening branches of the company or agents or representatives inside and outside Syria.

6 / The use of reserves or allocations in a manner that does not contradict the provisions of this Legislative Decree and accounting regulations.

7 / Conduct settlements and reconciliation.

8/ The Appointment of key managers and employees of the company and termination of their service.

## **Article / 151 /**

The impermissibility to granting facilitations ..



A joint stock company shall not grant loans, facilitations, grants or guarantees of any kind to any of the members of the board of directors of the company or to their spouses ,ascendants, descendants or relatives up to the fourth degree including this degree. Banks and financial companies that may lend to any of them for their purposes are exempted, with the terms and conditions they deal with their other customers and in a manner that does not contradict with the provisions of the laws and regulations in force in this regard.

## **Article / 152 /**

### **Prohibitions ..**

1/ No member of the Board of Directors or persons representing the Company shall have a direct or indirect interest in contracts and projects made with or on behalf of the Company, unless under a license granted by the General Assembly.

2 / This license must be renewed every year if the contracts entail long-term obligations.

3 / The general contracting, undertakings or tenders are excluded , in which all bidders shall be allowed to participate equally if the board member or the person assigned to represent them is the most suitable bidder.

4 / No member of the board of directors or the persons entrusted with the representation of the company may participate in the management of a similar or competing company or engage in a similar or competitive business unless they obtain a license renewed every year.

5 / No member of the board of directors or persons entrusted with representing the company, directly or through third parties, may conduct operations intended to manipulate the prices of the company's shares in the securities markets or to buy and sell shares based on information not available to the public and obtained in the exercise of their job or transfer this information to any other person with the intent to affect the price of the shares of this company.

6 / The prohibition and the duty of licensing shall apply to transactions with relatives of the persons mentioned in this article up to the fourth degree.

7 / Members of the board of directors of a closed joint stock company or the persons entrusted to represent it or any employee working in it shall be

prohibited to disclose to any shareholder in the company or any other information or data related to the company. The data shall be deemed to be of a confidential nature and shall have been acquired by virtue of his position in the Company or any other business therein, and this shall be under penalty of dismissal and claim for damages to the company, except for information previously published on the other hand or those information that is inevitably or permitted to publish by laws or regulations.

## **Article / 153 /**

### **Responsibility of Members in Board of Directors**

1 / The members of the Board of Directors of the Closed Joint Stock Company and the persons entrusted to represent it shall be responsible to the Company, the shareholders and others for any violation committed by any of them or all of them to the Company's article of association or the resolutions of the General Assembly, or to the provisions of the laws in force. This responsibility shall not include the party that has proven its written objection in the minutes of the meeting to the decision that included the violation or error.

2 / The members of the board of directors of the closed joint stock company and the persons entrusted to represent it shall be responsible to the company and the shareholders for the administrative error committed by them, provided that such liability does not include the party that has proven its objection in writing in the minutes of the meeting to the decision which included the violation or error.

3 / The responsibility shall be either a personal affiliation to one of the members of the Board of Directors or shared between all of them. In the latter case, they are all obliged to act in solidarity. The distribution of responsibility between the members of the board of directors towards each other **shall be** according to their respective quota in the error committed.

4 / In order to avoid liability, the board shall establish proof that they took care of running the business of the company as a paid agent.

## **Article / 154 /**

### **Liability suit**

1 / Any of the company's representatives or members of the Board of Directors can file a liability lawsuit in accordance with the provisions of the preceding article.

2/ If this right is not exercised in accordance with the foregoing, each shareholder may file lawsuit on behalf of the company as far as the interest it has.

3/ The lawsuit of liability shall be dropped on the ground of prescription after the lapse of three years from the date of the General Assembly in which the Board of Directors provided an account for its management, unless such liability is the result of an act or omission of a deliberate act or related to concealed matters by the Board of Directors from the General Assembly of the company and in the event that the attributed act is a crime, the liability lawsuit will not be waived except in accordance with the provisions of the General Rules.

## **Article / 155 /**

### **Quittance of the members of the Board of Directors ..**

1/ The general assembly of the company may discharge the members of the board of directors and the persons assigned to represent it from obligation.

2 / The quittance issued by the General Assembly cannot be invoked unless preceded by the presentation of the report of the Board of Directors and the Company's final annual accounts and publishing the auditors' report. This quittance covers only matters that the General Assembly has been able to know.

## **Article / 156 /**

### **Remuneration the members in the Board of Directors ..**

1/ The article of association of the Company shall specify the method of determining the annual remuneration for the board members, provided that such remuneration shall not exceed 5% of the net profits.

2 / The general assembly of the company shall determine the attendance allowances and other benefits for the board members in light of the company's activities and events.

## **Article / 157 /**

### **Board of Directors' Meetings**

1/ The board of directors of a closed joint stock company shall meet upon a written invitation from its chairman or his deputy in his absence or upon a written request submitted by at least one quarter of its members to the chairman of the board stating the reasons for holding the meeting. If the Chairman or Vice-Chairman does not invite the Board to meet within seven days from the date of receipt of the request, the members who submitted the request shall convene it.

2 / The Board of Directors shall hold its meetings at the company's headquarters or at the place specified by the Board for its next meeting, and it may take place through one of the electronic means of communication if the articles of association stipulate that.

3 / The council has the right to hold its meetings outside Syria by a unanimous decision.

4/ The conditions and dates of the Board of Directors' meetings shall be specified in the (articles of association). The Board meetings shall not be less than at least once every three months.

## **Article / 158 /**

### **Minutes of Board of Directors' Meetings**

1 / The Board of Directors shall appoint a rapporteur to organize its meetings, prepare its agenda and record the minutes of its meetings and decisions in a special register and in successive pages numbered in sequence and signed by the Chairman and members of the Board who attended.

2 / The member who violates any decision of the Board shall record the reason for his violation in writing before signing it.

3 / Each member has the right to request a copy of each record signed by the chairman.

4 / The minutes of the meetings of the Board of Directors shall be considered valid until proven otherwise.

#### **Article / 159 /**

##### **Quorum and decisions ..**

1/ The meeting of the Board of Directors shall not be valid unless attended by a majority of its members unless the articles of association specify a higher number.

2 / Decisions of the Board of Directors shall be issued by a majority vote of the attendees and representatives unless the articles of association specify a higher percentage.

3/ The decisions of the Board of Directors are binding on its members.

4 / In case the votes are equal, the side in which the chairman shall outweigh .

The Company's articles of association shall determine the manner of attending, voting and delegation. The Board member may not delegate another person who is not a member of the Board. The member may not carry more than one assignment .

#### **Article / 160 /**

##### **The termination of membership ..**

Membership shall be terminated by one of the following reasons:

1/ Absence from attending three consecutive meetings of the Board of Directors without an excuse or absence from all meetings of the Board for a full year, even if this absence due to a legitimate excuse.

2 / Death.

3 / Resignation.

4 / Expiry of the term.

5 / Dismissal.

6 / The lapse of one of the conditions of membership , the Board of Directors shall take a decision regarding this case .

## **Article 161:**

### **Resignation..**

- 1/ The resignation must be written and communicated to the Board of Directors.
- 2/ The resignation shall be deemed to have taken effect from the date of its notification to the Board. It shall not be subject to acceptance by any person and shall not be revoked except with the approval of the Board.

## **Article / 162 /**

### **Dismissal ..**

The Extraordinary General Assembly of the Company shall have the right to dismiss any or all of the members of the Board of Directors upon a proposal by the Board of Directors or upon a signed request from shareholders who own at least 20% of the Company's shares. The request for dismissal shall be submitted to the Board of Directors. The Board shall call the Extraordinary General Assembly to hold a meeting within fifteen days from the date of submission of the application to the Board for consideration and issue the decision it deems appropriate. If the Board of Directors does not issue the invitation, the Ministry shall issue it at the request of any of the shareholders. The member who is to be removed may not vote at the general assembly meeting held for this purpose.

## **Article / 163 /**

### **Constituent General Assembly**

The provisions stipulated in Articles / 135/136/137 / of this Legislative Decree and the common rules of public bodies shall apply to the meetings of the Constituent General Assembly.

## **Article / 164 /**

### **Ordinary General Assembly**

The Ordinary General Assembly shall convene at the invitation of the Board of Directors on the dates specified by this Legislative Decree or the Company's articles of association.

## **Article / 165 /**

### **Ordinary General Assembly Meetings**

1/ The ordinary general assembly shall meet at least once a year within the time specified in the company's articles of association, provided that it does not exceed four months following the end of the company's financial year.

2/ The Board of Directors shall convene the ordinary general assembly to meet in the circumstances stipulated in this Legislative Decree or articles of association, or upon a written request to the Board of Directors from the Company's auditor or shareholders holding at least 10% of the Company's shares. The Board of Directors shall call the Ordinary General Assembly to meet in the last two cases not later than fifteen days from the date of receipt of the request.

## **Article / 166 /**

### **Quorum of the session..**

1 / The first session of the ordinary general assembly meeting shall not be considered legal unless attended by shareholders representing more than half of the shares of the subscribed company unless the articles of association specify a higher percentage.

2 / If this quorum is not available within one hour of the scheduled date of the meeting at the first meeting, the meeting shall be held on the second scheduled date. The second session is considered legal whatever the number of represented shares.

## **Article / 167 /**

### **Decisions of the Commission..**

Decisions shall be made by a majority of more than 50 percent of the represented shares at the meeting, unless the articles of association specify a higher percentage.

## **Article / 168 /**

### **Powers of the Ordinary General Assembly**

The power of the Ordinary General Assembly shall deal with taking decision on any matter relating to the interest of the Company or the conduct of its business. The agenda of its annual meeting includes the following:

- 1/ Hearing the report of the Board of Directors and work plan for the next financial year.
- 2/ Hearing the auditor's report on the conditions of the company and the balance sheet and the accounts submitted by the Board of Directors.
- 3 / Discussing the reports of the Board of Directors, the auditor and the final accounts.
- 4/ Election of the members of the Board of Directors and auditors and determining their remuneration.
- 5/ Determining the profits to be distributed upon the proposal of the Board of Directors.
- 6 / Formation Reservations .
- 7 / Discussing the proposals of borrowing , selling , and mortgaging the company's real estate . Also, giving guarantees and assignment of its projects, licenses , privileges granted to them that are outside the power of the Board of Directors and take decisions about that .
- 8 / Discharging of Liability of the Board of Directors and representatives of the company.
- 9 / Any other subject included in the agenda of the Commission.

## **Article / 169 /**

### **Extraordinary General Assembly**

- 1 / The Extraordinary General Assembly shall meet upon the invitation of the Board of Directors.
- 2 / The Board of Directors shall invite the extraordinary general assembly to convene in the conditions stipulated in this Legislative Decree or the articles of



association or upon written request to the Board of Directors from the company's auditor or shareholders holding at least 25 percent of the company's shares. The Board of Directors shall call the extraordinary general assembly in the last two cases no later than fifteen days from the date of receipt of the request.

#### **Article / 170 /**

##### **Quorum and legality of the session ..**

1 / The first session of the extraordinary general assembly meeting shall not be considered legal unless attended by shareholders representing at least 75 percent of the shares of the subscribed company.

2 / If this quorum is not available within one hour of the scheduled meeting at the first meeting, the meeting shall be held on the second scheduled date. Therefore, the second session is considered legal if attended by shareholders representing at least 40 percent of the company's subscribed shares.

#### **Article /171 /**

##### **Decisions of the Commission ..**

1/ The extraordinary general assembly of the company shall issue its decisions with the majority of shareholders votes holding shares of no less than two thirds of the shares represented at the meeting.

2/ The majority required in the first paragraph of this Article shall exceed half of the subscribed capital in the following cases:

A / Amending the company's (articles of association).

B/ The merger of the company with another company.

C / Dissolution of the company.

#### **Article /172 /**

##### **Powers of the Assembly ..**

The Extraordinary General Assembly shall have the right to issue decisions on matters within its jurisdiction and on matters within the jurisdiction of the ordinary General Assembly. In the latter case, the Extraordinary General

Assembly shall issue its decisions in accordance with the rules relating to the Ordinary General Assembly.

### **Article /173 /**

#### **Common rules of the three public bodies ..**

1 / Invitation to attend the meeting of the public bodies shall be addressed to the shareholders by the board of directors by an advertisement published twice at least in two daily newspapers. All notifications addressed to shareholders to attend the general assembly meeting shall be the responsibility of the Board of Directors that issued the invitation.

2 / The advertisement in the newspapers may be replaced by guaranteed letters to be sent to all shareholders without exception to their chosen domicile.

3 / The meetings of the public bodies of public joint stock companies shall be held in Syria.

4/ The period between the publication of the first advertisement and the day of the first meeting shall not be fewer than fifteen days.

5/ The convening invitation of the General Assembly shall include:

A/ Place, date and time of the meeting.

B/ The date, place and time of the second meeting in case the quorum is not completed at the first meeting , and the period shall not exceed fifteen days between the first session date and the second session date .

C/ A clear summary of the agenda. If the agenda includes amending its article of association, a summary of the proposed amendments should be attached with the invitation to the meeting.

6/ The Board of Directors shall attend the meetings of ordinary and extraordinary public bodies by a number not less than the number to be available for the validity of the Board meeting. Absence from the meeting is impermissible without an acceptable excuse.

7/ The minutes of the General Assembly meeting shall be submitted to the Ministry within fifteen days from the date of the meeting under the penalty of not ratifying the minutes.

## **Article /174 /**

### **The right of the ministry to invite ..**

The Ministry may, at the request of any stakeholder , issue an invitation to convene the General Assembly in case the Board of Directors fails to do so, when the invitation is due according to this Legislative Decree or the article of association. The applicant shall be responsible for the publication and notification of the meeting.

## **Article /175 /**

### **The Commission's agenda ..**

1/ The Board of Directors shall organize the agenda of the ordinary and extraordinary general bodies. The constituent committee shall organize the agenda of the General Constituent Body.

2/ It is impermissible to discuss what is not in the announced agenda.

3/ The body that organized the agenda shall include the topics required to be submitted in writing by shareholders holding at least 10% of the company's shares, provided that a written request is submitted to this party at least seven days prior to the date of the first meeting. In this case, the Board shall publish the revised agenda in two daily newspapers at least 24 hours before the first meeting.

## **Article /176 /**

### **Inviting the Ministry, the Securities Commission and the auditors to attend the meetings of the General Assembly.**

The Board of Directors shall issue an invitation to attend the General Assembly meeting attached with the agenda to the Ministry and the Securities Commission, if the company is a public closed joint stock company and the regulatory authorities stipulated in special laws and the auditors of the company, at least fifteen days before the date of its meeting.

## **Article /177/**

### **Attending the meetings of the General Assembly ..**

1 / Each shareholder has the right to participate in the General Assembly discussions despite any contrary text.

2 / Each shareholder has a number of votes equal to the number of his shares.

3 / The shareholder who attended the general assembly has no right to challenge the validity of the invitation procedures.

4 / A representative of the Ministry shall attend the sessions, subject to the invalidity of the session. The representative's task shall only include verifying the quorum of the session, its legality, and the validity of voting.

## **Article /178 /**

### **Attorney and Representation ..**

1/ Each shareholder has the right to attend the meeting and participate in the General Assembly discussions despite each contrary stipulation and has one vote for each share he owns. The shareholder may delegate another shareholder by ordinary letter or delegate any other person under a letter issued by him or by power of attorney for this purpose, and the chairman shall certify the deputation.

2/ The delegated in his capacity shall not hold a number of shares that exceed the limit specified by the company's article of association, provided that the number shall not in any case exceed 10% of the company's capital.

3/ The shareholder shall be represented by a legal person if he is delegated by the said person for this purpose by a letter issued by him, and the minor is represented by his legal deputy.

## **Article /179 /**

### **Attendance cards ..**

1/ Applications for participation in the General Assembly shall be recorded in a special register of the Company's headquarter and registration shall be closed before the meeting.

2 / The name of the shareholder or delegate and the number of shares that are by authenticity or by power of attorney shall be recorded in this register based on the special register held by the company.

3/ The shareholder shall be given a card to attend the meeting stating the number of votes he deserves.

4 / Registration shall be made by the person determined by the Board of Directors at the responsibility thereof.

5 / The cards given to enter the first meeting where the required quorum is not completed shall be valid in the second meeting unless the concerned party requests to be replaced until a period elapsing 24 hours before the second meeting.

#### **Article /180/**

##### **Table of Attendees**

A schedule of attendance shall be maintained in public bodies, in which the names of the attending shareholders and the number of votes held by authenticity or by power of attorney shall be recorded.

#### **Article /181 /**

##### **Presiding session..**

The meetings shall be chaired by the Chairman of the Board of Directors or his deputy or the Board`s member delegated by the Board of Directors in case of their absence.

#### **Article /182 /**

##### **Minutes of the meeting..**

1/ The Chairman of the General Assembly shall appoint a scribe to record the proceedings of the session and shall select two inspectors among the shareholders to collect and sorting votes.

2/ Minutes of the session, its topics , decisions , and proceedings shall be organized and signed by the chairman of the session, the two inspectors , the scribe and the ministry's representative.

3/ Each shareholder is entitled to request a true copy of the meeting's minutes for a fee determined by the Minister.

4/ The meetings minutes' contents of the General Assembly shall be considered valid until a final decision is issued to the contrary.

5/ The chairman of the session, the two observers, the scribe and the representative of the Ministry shall be punished with the crime of forgery in the event that any information or facts are recorded in the minutes of the meeting contrary to the reality or in the event of omission of a productive event in the minutes of the meeting.

### **Article /183 /**

#### **Voting..**

1 / Voting shall be in the manner designated by the Chairman of the meeting, unless otherwise provided for in the article of association.

2 Voting by secret ballot shall be inevitable If 10% of the attending shareholders requested this kind of voting .

3/ Voting or counting can be done by automated means if the article of association stipulated this .

### **Article /184 /**

#### **Decisions of the Commission..**

1 / Decisions issued by the general assembly of a closed joint stock company in any meeting held by a quorum shall be binding on the company and all shareholders whether or not they attend the meeting , provided that such decisions have been issued in accordance with the provisions of this Legislative Decree and the Company's article of association.

2 / Each shareholder shall have the right to file a lawsuit against any decision taken by the General Assembly if it is contrary to the provisions of this Legislative Decree or the article of association. This lawsuit may not be heard after ninety days from the date of issuing the decision.

3 / The execution of the decisions issued by the General Assembly shall not be suspended unless after considering it null and void by a final decision.

## **Auditors**

### **Article /185 /**

#### **Appointment of auditors..**

1/ The General Assembly shall elect a body to audit its accounts for one year that can be renewed , the auditors can be elected from the auditors' table issued by the concerned ministry, and shall decide the remuneration of this body or authorize the Board of Directors to determine these fees.

2/ This body shall consist of one or more auditors from the list of auditors accredited by the Securities Commission if the company is a public joint stock company.

3 / If the General Assembly neglects to elect an auditor or if the auditor apologized or refuses to act, the Board of Directors shall propose to the Ministry three names from the auditors' table issued by the concerned ministry or from the list of auditors accredited by the Securities Commission, as the case may be, to select from whom to fill the vacant position.

### **Article /186 /**

#### **Conditions of appointment ..**

1 / It is not allowed to appoint an auditor who is a shareholder in the company or who is paid or remunerated from it or who was an employee or partner of a member of the board of directors or was close to him up until the fourth degree.

2 / The body that will audit the company's accounts and before its election must present a clearance statement to the General Assembly stating that there is no working relationship with any of the members of the Board of Directors, directly or indirectly.

3 / This body is obliged to compensate the company for any damage caused to it due to the incorrectness of the clearance.

### **Article /187 /**

#### **The task of the auditor ..**

The Company's auditor monitors its business and audits its accounts in accordance with International Standards of Auditing. In particular, **he** should

investigate whether the books are duly organized and whether the company's budget and accounts are organized in such a way as to show the true state of the company. He shall have access to the Company's books, accounts, papers and fund at all times and may request the Board of Directors to provide him with the information necessary for the performance of his job. The board shall put at the auditor's disposal all that would facilitate his task.

## **Article /188 /**

### **The duties of the auditor ..**

The auditor shall submit a written report to recite in front of the General Assembly on the financial situation of the company, its budget, the accounts submitted by the members of the board of directors and the proposals related to the distribution of profits.

In this report, the auditor proposes that the financial statements should be approved without reservation or with a reservation, or that the opinion be withheld or a dissenting opinion be given.

The auditor's report shall include the following:

1 / The extent of obtaining all the information, data and documents that he requested in order to carry out his mission, or a statement of the difficulties or obstacles he found in obtaining such information.

2/ The company maintains regular accounts, records and documents and its financial statements are prepared in accordance with International Accounting Standards and show fairly the company's financial position, results of its works and cash flows, and the balance sheet and financial statements are in accordance with the books and records.

3/ Violations of the provisions of this Legislative Decree or article of association of the Company which occurred during the fiscal year under review and which would have an essential impact on the Company's results and financial position.

4 / The extent of the company's ability to continue to operate independently regardless of what the Board of Directors said in this regard.



## **Article /189 /**

### **The importance of the auditor's report ..**

If the report of the auditors is not submitted or is not read in the General Assembly, the decision of the assembly to approve the accounts and the distribution of profits shall be null and void.

## **Article /190 /**

### **The right of auditors to call the General Assembly to convene ..**

The auditor has the right to request the Board of Directors to convene the ordinary or extraordinary general assembly of the company based on a written letter stating the reasons for such meeting. If the Board of Directors neglects to invite the General Assembly to meet within the dates prescribed in the article of association or in this Legislative Decree, The auditor must request the board of directors to invite the general assembly.

## **Article /191 /**

### **The responsibility of the auditor ..**

1/ If the auditor is aware of any violation committed by the company to this Legislative Decree or its article of association or any financial matters that have a negative impact on the company's financial or administrative situation, he shall notify in writing the Chairman of the Board, the Ministry and the Securities Commission – in case the company is a public joint stock company and the violation is not removed.

2 / The auditor shall be liable to the company he audits and to its shareholders to compensate for the damage caused by the errors committed in the execution of his work or his failure to perform the duties entrusted to him by the laws or the company's article of association. The claim of civil liability shall lapse three years from the date of the company's general assembly convention following the auditor's report. If the act attributed to him constitutes an offense, the claim of civil liability shall not be dropped except in accordance with the provisions of the General Rules.

## **Article /192 /**

### **The duty of secrecy ..**

The auditor or his employees shall not have the right to pass on, to the shareholders or others, confidential information which this Legislative Decree does not require disclosure in the course of carrying out its work under the penalty of dismissal and compensation.

## **Article /193 /**

### **Prohibitions ..**

The auditor or his employees shall not be entitled to speculate on the shares of the company he audits, whether such shares are dealt directly or indirectly under penalty of dismissal and compensation.

## **Article /194 /**

### **company accounts..**

1 / The company's fiscal year follows the **Gregorian** calendar year.

2/ The article of association may specify the fiscal year's commencement and expiry in any month except the first fiscal year, because the first fiscal year shall be deemed from the date of the decision to establish the company until the end of the month specified for the end of the following fiscal year.

## **Article /195 /**

### **Accounting and Auditing Standards ..**

The company shall organize its accounts and audit them and keep their records and books according to the accounting and auditing standards.

## **Article /196 /**

### **Publishing budget ..**

1 / The Board of Directors of the Public Joint Stock Company shall publish the annual financial statements as stipulated in the Securities Commission Law in two daily newspapers at least fifteen days prior to the date of the General Assembly meeting, subject to the invalidity of the meeting. The said data include the following:

- .. General budget.
- .. Profit and Loss Accounts. /Income List/
- .. Statement of Cash Flows.
- .. Statement of Changes in Shareholders' Equity.
- .. Auditor Report.
- .. Summary on notes of the financial statements.

2 / The Board of Directors shall also publish the financial statements with their explanations on the company's website.

### **Article /197 /**

#### **Compulsory Reserve**

1/ The company shall deduct 10% of its net profits every year to form a compulsory reserve. The company has the right to stop this deduction if this reserve reaches one quarter of the capital. However, with the approval of the general assembly, the company may continue to deduct this percentage until the total deductions for this reserve reach the full capital of the company.

2 / The compulsory reserve shall be used by the Board of Directors to secure the minimum profit specified in the article of association in years when the company's profits do not allow this limit to be met or to face exceptional and unforeseen circumstances.

### **Article /198 /**

#### **Optional reserve ..**

1/ The general assembly of a closed joint stock company may decide to deduct annually not more than 20% of its net profits for that year to the optional reserve account.

2 / The optional reserve shall be used as determined by the Board of Directors or the General Assembly. The General Assembly may decide to distribute the unused or any part thereof as shareholders' profits.

## **Article /199 /**

### **Depreciation reserve**

1/ The joint stock company shall decide annually to deduct part of the net profits in the name of the depreciation reserve of the company's assets, provided that this amount does not exceed the acceptable ratios.

2 / These funds shall be used to purchase or repair consumable materials, machinery and installations. Such funds may not be distributed as profits to the shareholders.

## **Article /200 /**

### **Net profit ..**

Net profit means the difference between the total revenues earned in any financial year on the one hand and the total expenses and depreciation in that year on the other hand and before applying the income tax provision on profits.

## **Article /201 /**

### **Loss Coverage**

A closed joint stock company may not distribute any profit to the shareholders unless after covering the retained losses from previous years.

## **Article /202 /**

### **The right to collect profit ..**

1/ The right of the shareholder to collect annual profits shall be established upon the issuance of the decision of the general assembly of the joint stock company to distribute these profits.

2/ The Board of Directors shall undertake the necessary procedures to deliver the profits to be distributed to the shareholders within thirty days from the date of the general assembly meeting, and this is announced in two daily newspapers for two times.

## **Article 203 /**

### **Penalties..**

1/ Any person who commits any of the following acts shall be punished by imprisonment from three months to three years and a fine not less than 300,000 Syrian pounds and not more than three million Syrian pounds:

A/ Issuing shares, handing them over to their owners or offering them for trading before the company's registration or the decision to increase its capital.

B/ Offering or accepting fictitious subscriptions for shares in a fictitious manner.

C/ Payment of the company's capital in a fictitious manner.

D/ Issuing loan bonds and submitting them in circulation in violation of the provisions of this Legislative Decree.

E/ Organizing the company's balance sheet and its profit and loss accounts in a way that does not correspond to reality, or that the report of its board of directors or managers or the auditors intentionally contains incorrect data.

F/ Muting done by the founders, members of the Board of Directors, directors or auditors of information and clarifications required by this Legislative Decree in order to conceal the real state of the company from the concerned.

G/ Distribution of fictitious or profits that are not compatible with the real situation of the company.

H / The body that assessed the value of the in-kind contributions based its report on information that is incorrect or including it .

I/ publishing false facts to induce the public to subscribe to the shares or to grant the loan.

J / Providing incorrect information by The member of the board of directors, the manager or the auditor in his statement according to the provisions of this Legislative Decree.

K / Manipulation made by member of the Board of Directors or the person in charge of representing the company or the auditor to the prices of the company's shares in the stock markets or to purchase and sell shares based on information

obtained in the exercise of doing their job and not available to the public or to transmit this information to any other person with the intent to make an impact on the shares` prices of this company.

2 / A fine of not fewer than twenty-five thousand Syrian pounds and not more than one hundred thousand Syrian pounds against the members of the board of directors of the company in case:

A/ Not inviting public bodies to convene when required by this Legislative Decree.

B/ Failure to provide information to the Ministry when required by this Legislative Decree.

C/ Not inviting the ministry to the meeting.

3/ The chairman or his deputy shall be punished with the same penalty stipulated in paragraph /2/ if the board of directors is not invited to meet in accordance with Article /157/ of this Legislative Decree.

4/ The fines stipulated in item /2/ of this article, clauses /2/ and /3/ of article /14/ and clauses /2, 3, and 4 of article 85/ of this Legislative Decree shall be imposed by a decision of the Minister and shall be paid to the public treasury, and in case the fine is not paid, it will be collected according to the Law on the collection of public funds.

5/ The following penalties shall be imposed by a decision of the Minister on all companies that commit violations to be proved by the official authorities:

A/ Suspend the commercial register of the company in which it proves manipulation, fraud , deception , delusion or credit abuse in its dealings with third parties and refer those responsible for managing the violating company to the concerned public prosecution.

B/ Suspension of the commercial register of the company in case of producing, importing or distributing goods and products contrary to the standard specifications adopted in Syria.

C/ Cancellation of the Commercial Register in the event of the company committing serious violations proven by the concerned authorities.

D / Depriving the company from exercising its declared purposes and contracting with the state in case the company violates the provisions of the laws and regulations in force and its article of association or Memorandum of Association.

E/ In case of repeated violation, the decision to ratify the article of association of the relevant company and its registration shall be canceled.

## **Chapter 7**

### **Holding Company**

#### **Article /204 /**

##### **Definition of the holding company ..**

A holding company is a public or private joint stock company limited to owning stakes in limited liability companies, shares in joint stock companies, participating in the establishment of such companies and participating in the management of companies in which it owns shares or stakes.

#### **Article /205 /**

##### **Nature of the holding company ..**

1 / The holding company is always considered a trading company and is subject to the provisions of the Trade Law.

2 / The name of the company should follow a statement indicating its type.

3 / The company in which the holding company owns shares or stakes is considered as a subsidiary of the holding company if the holding company owns more than half of the subsidiary's capital.

4/ The Holding Company shall notify the Ministry of the fulfillment of the condition mentioned in the preceding paragraph within thirty days of this incident.

5 / The holding company may not own stakes in partnership or limited partnership companies.

6 / The Holding Company may provide loans and guarantees to its subsidiaries and may invest its funds in shares, bonds and other securities.

7/ The subsidiary is prohibited from owning any shares in the holding company.

#### **Article /206 /**

##### **The capital of the holding company ..**

The capital of the Holding Company shall be determined in accordance with the provisions of Article / 223/1 of this Legislative Decree.

#### **Article / 207 /**

##### **Provisions to which the Holding Company is subject to**

The provisions of this law shall be applicable to the holding company in all that does not contradict the provisions of this section.

#### **Article / 208 /**

##### **Budget of the holding company**

The Holding Company shall prepare, at the end of each financial year, a consolidated balance sheet, profit and loss statements and cash flows for itself and all subsidiaries, and submit them to the General Assembly with explanations and data as required by the approved international accounting and auditing standards and principles.

## **Chapter 8**

### **Foreign Company**

#### **Article / 209 /**

##### **Foreign company definition**

1 / The Foreign company is a limited liability company that practices all its activities mentioned in its article of association outside of Syria.

2 / The company may have headquarters in Syria.

3 / Except for the headquarters, the foreign company may not own any immovable property in Syria.



4 / The foreign company has no right to practice any activity whatsoever in Syria.

#### **Article / 210 /**

##### **Nature of the Foreign company**

1 / The foreign company is always considered a trading company and is subject to the provisions of this Legislative Decree.

2 / The address of the company should be followed by the phrase " foreign limited liability company".

#### **Article / 211 /**

##### **(Provisions to which the Foreign Company is subject)**

All provisions relating to limited liability companies stipulated in this Legislative Decree shall apply to the Foreign company in all that does not contradict the provisions of this title.

### **Chapter 9**

#### **Transforming the legal form of companies**

#### **Article / 212 /**

##### **Transforming the legal form of partnership companies and limited partnership companies**

1/ Any partnership company has the right to convert its legal form into a limited partnership company and vice versa by following the following procedures:

/ Submitting an application signed by all partners to the Commercial Registration Secretariat with the following:

A / Deed to amend the existing company Articles of Association, taking into consideration the completion of the procedures and conditions of incorporation of the company to which it is converted.

B/ A report from an experienced accounting body or an accounting firm accredited by the Ministry including an actual estimate of the value of the

existing company and a statement of its assets and liabilities at the date of transfer.

C/ A list issued by the accountant of the company including the names of the creditors of the company and the amount of debt of each of them.

2 / Any partnership company or limited partnership company may change its legal form after at least three years of its registration by converting it into a limited liability company or a closed joint stock company by following the following procedures:

1 / All partners shall submit a signed application to the Ministry to ratify the article of association of the company to be transferred with the reasons for the transfer, including the information required by this Legislative Decree to be included in the application for establishment of the company to be converted. Attached to this are the following:

A / The article of association of the limited liability company or closed joint stock company to be transferred to and request for ratification in accordance with the rules relating to the application for the establishment of limited liability companies or closed joint stock company.

B / Budget of the company requesting transfer for each of the last three years certified by a chartered accountant.

C / A report from an experienced Syrian accounting body or from an accounting firm accredited by the Ministry including an estimate of the company's value and a statement of its assets and claims.

D/ A list issued by the accountant of the company, including the names of the creditors of the company and the amount of debt of each of them.

2 / The net assets of the requesting company according to the assessment report shall be deemed to be an in-kind share in the capital of the limited liability company or the closed joint stock company to which it is transferred and subject to its provisions.

3 / The signatures of the partners shall be ratified before the notary public or before any party specified by the Minister.

## **Article / 213 /**

### **Conversion announcement**

1/ The partnership or limited partnership company shall publish the announcement of transfer, including the information to be included in the transfer request, with the list of creditors in two daily newspapers for at least two times.

2 / Creditors whose total debts are not less than 10% of the company's debts, as stated in the report of the company's accountant, shall be entitled to file the case before the concerned court at the company's headquarters within thirty days from the date of the announcement of the transfer in the newspapers for the last time in order to override the transfer decision when it would be detrimental to their interests. The period specified for creditors not named in the announcement shall not apply.

3/ The court may decide to suspend the execution of the transfer decision until the case is decided.

4/ The court shall hear the case promptly and shall hold its sessions every 72 hours at most.

5/ The decision of the Court of Appeal issued in the case shall be final.

6 / If the Secretary of the Commercial Register is not notified (in the event that the transformation from a partnership company to a limited partnership company or vice versa, or to inform the Ministry of the transformation of the partnership company or the limited partnership to a limited liability company or a joint stock), the execution of the decision to convert the legal form of the company as mentioned above shall be suspended within forty-five days from the date of the transformation announcement in the newspapers for the last time. The Registrar shall register the new legal form of the company, whether a partnership or a limited partnership, and the ministry shall ratify the article of association of the transferee company, whether a limited liability company or a joint stock company.

## **Article / 214 /**

### **Transforming the legal form of limited liability companies and private closed joint stock companies into a public joint stock company**

The Limited Liability Company as well as the Private closed Joint Stock Company may change its legal form after at least three years of its registration by converting it to a public joint stock company by following the following procedures:

1/ The general assembly of the limited liability company or the extraordinary general assembly of the private closed joint stock company shall take a decision to amend its legal form and convert it into a public joint stock company.

2/ The relevant company shall submit a request to the Ministry to ratify the article of association of the public joint stock company to be transferred to, indicating the reasons for the transfer, including the information required by this Legislative Decree to be included in the application of the establishment of the public joint stock company and the distribution of capital in the latter. Attached to this are the following:

A/ The article of association of the public joint stock company and its ratification in accordance with the rules relating to the application for the establishment of the public joint stock company.

B/ The relevant company's balance sheet for each of the three years preceding the transfer request, certified by the company's auditor, provided that the company has made a net profit during the last two years.

C/ A statement that the company's capital is fully paid.

D/ A report from an experienced Syrian accounting body or an accounting company accredited by the concerned ministry, including an assessment of the company's value and a statement of its assets and liabilities.

E/ A list issued by the auditor of the company, including the names of the creditors of the company requesting the transfer, the amount of their debts and their addresses.

3 / The net assets of the company being transferred in accordance with the evaluation report shall be deemed to be an in-kind share in the capital of the public joint stock company and shall be subject to its provisions.

4 / The limited liability company may convert its legal form into a joint venture or a limited partnership company.

5 / The Ministry shall issue its decision to ratify the article of association of the company to be transferred in accordance with the dates and procedures related to the application for the establishment of joint stock companies. The objection to the Ministry's decisions to refuse transfer shall be subject to the same procedures and deadlines that apply to the refusal to ratify the article of association.

6 / The new legal form of the company shall not be considered final unless the procedures of the registration prescribed by this Legislative Decree are completed.

### **Article / 215 /**

#### **Converting the legal form of a private closed joint stock company to a limited liability and vice versa:**

A private closed joint stock company can change its legal form by converting it to a limited liability company or vice versa by following the following procedures:

1/ The extraordinary general assembly of the private closed joint stock company or the general assembly of the limited liability company shall take a decision to amend its legal form.

2/ The relevant company shall submit a request to the Ministry for ratification of the company's article of association to which the transfer will be made, indicating the reasons for the transfer, including the information required by this Legislative Decree in the application for the establishment of the company to be transferred to and distribution of capital in the latter and attached to the application:

A/ The article of association of the relevant company and its ratification request in accordance with the rules related to the application for establishing the said company.

B/ A report from an experienced Syrian accounting body or from an accounting firm accredited by the concerned ministry including an estimate of the company's value and a statement of its assets and liabilities.

C/ A list issued by the auditor of the company including the names of the creditors of the company requesting the transfer, the amount of their debts and their addresses.

3 / The net assets of the company being transferred in accordance with the assessment report shall be considered as an in-kind share in the capital of the company to be transferred and subject to its provisions.

4/ Public joint stock companies licensed under the Exchange Law may, during the validity period of Companies Law No. 3 of 2008, transform their legal form into a private joint closed stock company or a limited liability company in accordance with the above procedures.

5 / The Ministry shall issue its decision to ratify the article of association of the company to be transferred in accordance with the dates and procedures related to the application for the establishment of joint stock companies. The objection to the Ministry's decisions to refuse transfer shall be subject to the same procedures and deadlines that apply to the refusal to ratify the articles of association.

6 / The new legal form of the company shall not be considered final unless the procedures of the registration prescribed by this Legislative Decree are completed.

## **Article / 216 /**

### **Transforming the legal form of public sector companies into public joint stock companies:**

Public economic institutions and companies may convert their legal form to a public joint stock company by following the following procedures:

1/ The Council of Ministers shall issue a decision to transfer it upon the proposal of the concerned minister specifying the controls that the company is subject to after the transformation. The government shall take the legal procedures to implement this.

2 / The conversion of the legal form of public companies (state-owned) to public joint stock companies shall be subject to the relevant rules and regulations.

## **Article / 217 /**

### **The retention of the Legal Personality of the Company**

The amendment of the legal form of the company when it is converted to a new form shall not result in any change in its legal personality. However, the company shall retain its former legal personality and retain all its rights. The company resulting from the transformation shall be responsible for all its pre-conversion obligations in accordance with the provisions and rules governing its liability when the obligation arises.

## **Title 10**

### **Corporate merger**

## **Article / 218 /**

### **Corporate merger**

1/ The company may merge with another Syrian company according to the procedures mentioned in this section and those related to the amendment of the memorandum of association or the article of association.

2 / The merger is either that the company (the merged company) merges with another company (the merging company) so that the merged company will cease and its legal personality will be removed and the merging company will remain alone after the merger or by merging two companies to establish a new company, resulting from the merger so that the two merged companies shall terminate and their legal personalities shall cease to be effective from the registration date of the company resulting from the merger.

## **Article / 219 /**

### **Companies entitled to merger**

1 / Companies of the same legal form may merge with each other.

2 / Companies may, whatever their legal form, merge to form a new company.

3/ Partnership companies and limited partnership companies may merge with limited liability companies or joint stock companies. Also, limited liability companies may merge with a joint stock company and vice versa.

4/ The merged companies, their partners and shareholders, the merging companies and the companies resulting from the merger shall be exempted from all taxes and fees, including the fees of transfer of ownership of fixed and movable assets and intangible assets of all kinds resulting from the merger. However, if new partners are entered into the company, they will be taxed and levied as the case was when first established.

5 / If the merger is accompanied by a re-assessment, the positive differences resulting from the re-assessment are subject to the provisions of Legislative Decree No. 61 of 2007 during its validity period, or if the positive differences outside the validity period of the mentioned Legislative Decree, they are taxed if they are closed in the capital account.

## **Article / 220 /**

### **Merger Procedures**

Companies wishing to merge should follow the following procedures:

1/ The merged company shall take a decision of merger issued by the body entitled to amend the memorandum of association or article of association of the company.

2 / The merged company takes a decision to approve the merger agreement in which it shall specify the conditions and how to distribute the capital in the merging company or the new company after the merger. This approval shall be issued by the body entitled to amend the memorandum of association or article of association of the merging company.

3/ The merging company shall take a decision to merge and to increase its capital at least by the value of the merged company, issued by the body entitled to amend the memorandum of association or the company's article of association.

4 / The decision of the merging company to approve the merger agreement in which the terms of the merger and the distribution of the capital in the merging company shall be specified. This approval shall be issued by the body entitled to amend the memorandum of association or article of association of the merging company.



5 / Submit the application for ratification of the article of association of the new company or the article of association of the merging company, as amended according to the merger, to the Ministry in accordance with the procedures and rules stipulated in this Legislative Decree.

6 / The value of the merging company shall be considered in accordance with the report of the evaluating body as an in kind share in the capital of the merging company or the company resulting from the merger and shall be subject to the provisions of stakes or in-kind shares.

7 / The merged closed joint stock company whose shares are listed in the financial markets shall be exempted from submitting the report to estimate its value if the merger is according to the share price in these markets. In this case, the merging company shares or the company's shares resulting from the merger issued in the value of the merged company shall not be subject to the provisions of the shares in kind. The creditors of this company shall not have the right to object to the merger decision or to institute proceedings in accordance with the provisions of this article. Also, the shares of a closed joint stock company resulting from a merger shall not be subject to the prohibition on trading the shares of the founders of the merged companies.

## **Article / 221 /**

### **Announcing the Merger**

1 / When the merging company or the new company resulting from the merger has a legal form different from that of the merged companies, the announcement of merger with the list of creditors according to the report of the company's accountants or auditors shall be published in two daily newspapers for at least two times.

2 / The Ministry may not ratify the articles of association of the 'limited liability companies merging' or resulting from the merger before verifying the publication of the merger announcement.

3/ Creditors whose total debt is not less than 10% of the company's debts, as stated in the report of the company's accountant, shall be entitled to file the lawsuit before the concerned court at the company's headquarters or its chosen domicile within thirty days from the date of the announcement of the merger in the newspapers, in order to override the merger decision that would harm their

interests. The period for which creditors are not included in the announcement shall not apply.

4 / The court may decide to suspend the implementation of the merger decision until the case is decided.

5/ The court shall hear the case promptly and shall hold its sessions every 72 hours at most.

6 / The decision of the Court of Appeal issued in the case shall be final.

7 / In case the Ministry has not been notified of a decision to suspend the implementation of the merger decision of the company as stated above within forty-five days from the date of publication of the merger announcement in the newspapers for the last time, the Ministry shall ratify it.

8 / The period of announcement of conversion or merger mentioned in the preceding paragraph shall not apply to the companies requesting conversion or merger if their financial statements do not show indebtedness to others, and this was confirmed by a document issued by the company's accountant and certified by the auditor.

#### **Article / 222 /**

#### **Legal successor**

A merging company or the resulting company is a legal successor to a merger. All rights and obligations of a merged company are transferred to the merging company or the company resulting from the merger.

### **Title 11**

#### **General Provisions**

#### **Article / 223 /**

1/ Subject to the provisions stipulated in the special laws, the minimum capital of each of the companies stipulated in this Legislative Decree shall be determined by a decision of the Minister.

2 / Subject to the provisions stipulated in the special laws, the participation or contribution of non-Syrians in the companies provided for in this Legislative Decree shall be determined by a decision of the Minister.

3 / Companies of any kind are allowed to transfer the benefits of non-Syrian partners and shareholders abroad resulting from the company's business proceeds or liquidation based on their duly certified accounts and final balance sheet, in accordance with instructions issued by the concerned authorities.

**Article / 224 /**

**Amended by Law 10 of 2013**

**Adjusting the status of companies**

1- Companies existing on the date of this Legislative Decree's entry into force shall adjust their status and make the necessary amendments to their article of association and memorandum of association within two years from the date of entry into force of this Legislative Decree.

2- The Commercial Registrar shall request the specialized court in which the company's head office is located to dissolve any company whose conditions, contracts and article of association do not comply with the provisions of this Legislative Decree after the above date.

**Title 12**

**Final provisions**

**Article / 225 /**

**Ministry control ..**

1- The Ministry of Economy and Trade shall have the right to monitor closed joint stock companies, holding and limited liability, partnership and limited partnership in all matters relating to the implementation of the provisions of this Legislative Decree and the article of association of these companies and the memorandum of association.

2- The Ministry of Economy and Trade shall have the right to inform the Public Prosecution of any offense which constitutes an offense for the prosecution of officials.

3- The Ministry shall have the right at any time to assign a Syrian accounting body or an accounting firm accredited by the Ministry concerned with the expertise delegated to it to audit the company's accounts, entries, books and other activities and report thereon to the Ministry. The Ministry shall issue instructions concerning the body that shall bear the expenses of the audit.

4- The Ministry may issue resolutions, instructions and forms for the implementation of the provisions of this Legislative Decree. Companies shall act accordingly.

5. The Ministry may draw up the necessary instructions to classify the purposes and activities of the companies stipulated in this Legislative Decree, determine the ownership rates of its partners (Syrian or foreign) according to the activity to be practiced, and classify the purposes and activities that may be exercised by non-Syrians.

#### **Article / 226 /**

1- The ratification fee for the article of association of the limited liability company shall be set at ten thousand Syrian pounds.

2- The ratification fee of the article of association of the public or private closed joint stock company shall be set at twenty five thousand Syrian pounds.

3- The fee for granting a true copy of the company's article of association shall be set at an amount of five hundred Syrian Pounds.

4- The fee for granting a true copy of the urgent amendments to the article of association shall be set at three hundred Syrian Pounds.

5- A fee shall be issued by the Minister for the provision of services for the studying companies' memorandum of association, article of association and amendments thereto. These allowances shall be paid in the account of the Directorate of Companies and shall be paid by a decision of the Minister to provide training programs and labor requirements and 25% compensation to the employees of the Directorate.

6- The remuneration of the representative of the Ministry for attending public meetings shall be determined by a decision of the Minister of Economy and Trade.

7- The amounts mentioned in the above paragraphs of this article may be amended – increased or decreased - by a decision of the Minister whenever he deems appropriate.

#### **Article / 227 /**

1/ The provisions of the Companies Law No. 3 of 2008 shall be terminated.

2/ This Legislative Decree shall be published in the Official Gazette and shall be enforced from the date of its issuance on 11-03-1432 Hijri, corresponding to 14-2-2011 Gregorian.